THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

Sino-Japanese Interests and Issues in Manchuria

By C. Walter Young

Japan and the Mukden Coup D'Etat

Japanese Interference at the Yellow River Bridge

By Edgar Snow

Military Conference Accepts Soong's Financial Proposal

Troop Disbandment and Financial Reform —Acid Tests of the Revolution

By P. T. Chen

The New Government Mint

By B. Y. Lee

許勃論報 密氏

SATURDAY, JANUARY 19, 1929

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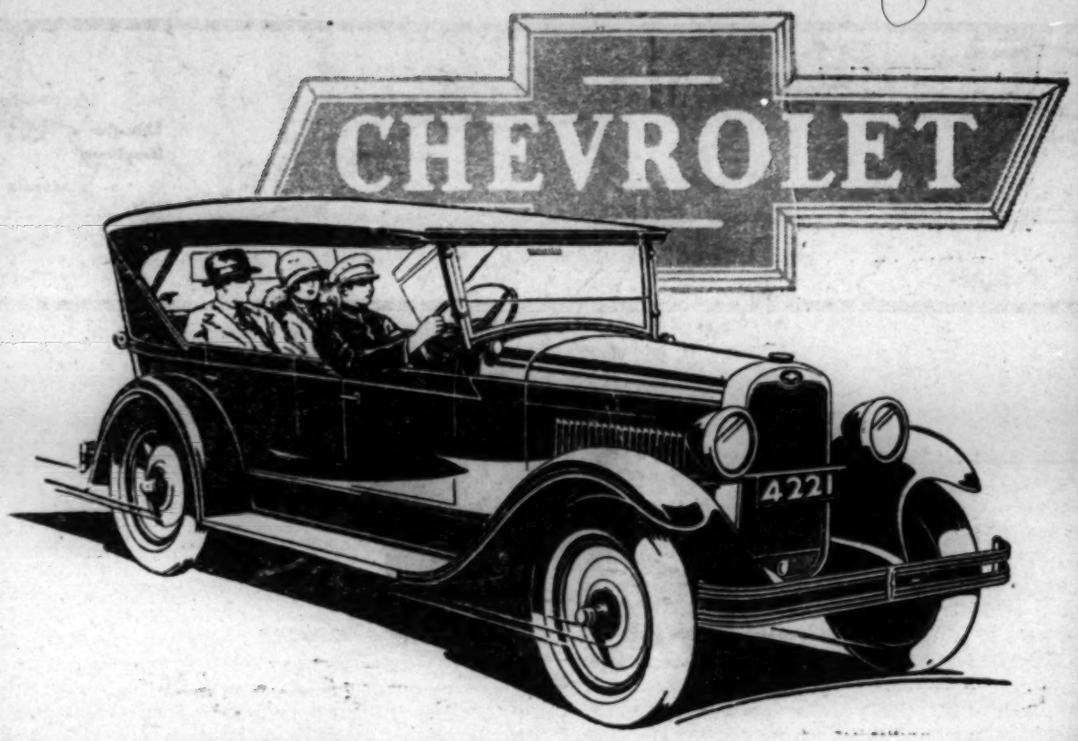

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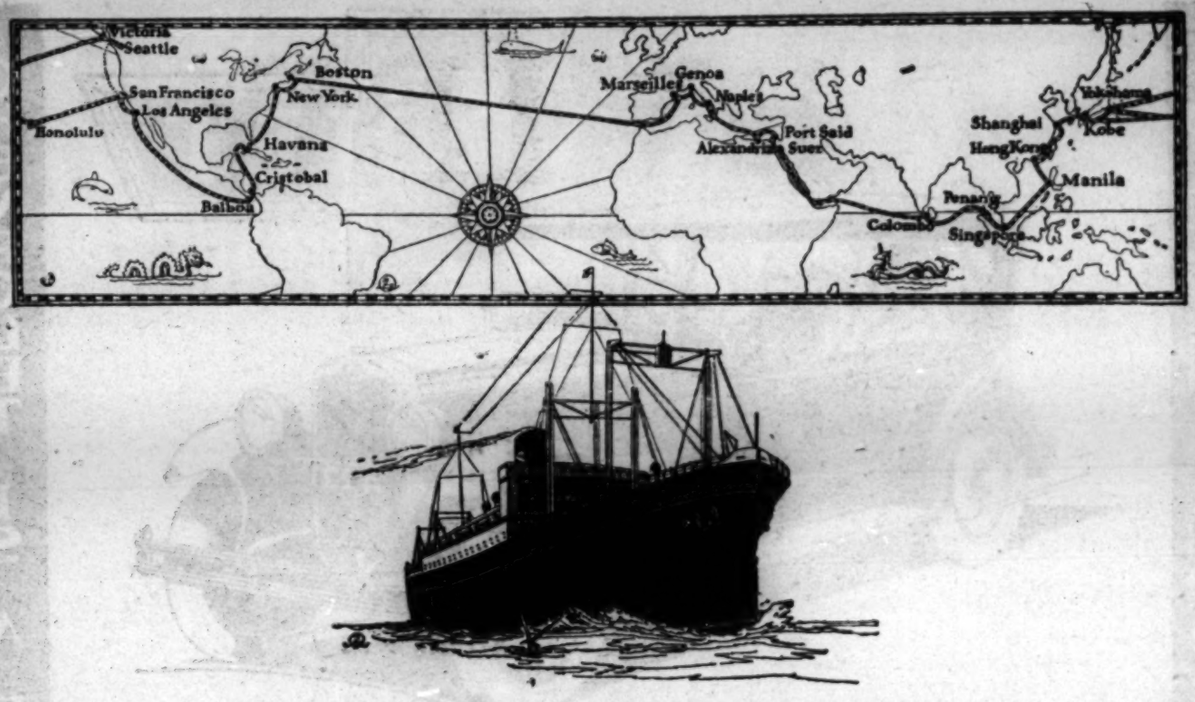

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Contents

Editorial Paragraphs

"Japanese Brains and American Money" 307

The Ban on the Morse-MacNair Book 308

Dr. Ferguson's Sale of the Sin Win Pao 309

Japanese Land Marines at Hankow Again! 310

Col. Lawrence and the Afghan Rebellion 310

The Japanese and the Mukden Coup D'Etat 311

Special Articles

Troop Disbandment—Acid Test of the Revolution ..... By P. T. Chen 314

Japanese Interference at the Yellow River Bridge—and Other Aspects of Tsinanfu ..... By Edgar Snow 315

New Government Mint at Shanghai Is American-Equipped ..... By B. Y. Lee 320

A Ministry of Health in China ..... By Wu Lien-Teh 322

Sino-Japanese Interests and Issues in Manchuria ..... By C. Walter Young 323

The "Hwa Hui" Gambling Evil ..... By C. Y. W. Meng 334

Men and Events 344

From the Chinese Press 345

New Books of Interest in the Far East 346

What the Ships Carry between America and China v

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"JAPANESE BRAINS AND AMERICAN MONEY"

IN ATTEMPTING to re-establish their governmental credit after many years of domestic political and economic turmoil, the Chinese are now up against a far-reaching Japanese propaganda which is symbolized in the heading to this paragraph, "Japanese Brains and American Money," a phrase which we believe was coined several years ago by Baron Ei-chi Shibusawa, the eminent Japanese banker and financier who toured America in 1902, 1910 and 1915. A few days ago *The Review* received a letter from a subscriber in Pittsburgh who told of an address which was delivered in that city last October by a well-known Japanese propagandist, Mr. Kinnosuke Adachi. The meeting was attended by some 400 of the leading business and professional men of Pittsburgh and, according to our correspondent, Mr. Adachi's address was obviously pointed in the direction of paving the way for an American loan for some of the semi-official Japanese enterprises which operate in China. He explained that Japan has no designs upon Manchuria, but that Japan has to have raw materials from that area. He defended Japan's economic position in Manchuria and declared that Japan was forced to maintain armed forces there in order to "provide stability and freedom from fighting which both the Japanese and the Chinese themselves needed for their existence." He then read several editorials from the *North-China Daily News*, the official British newspaper in Shanghai, as evidence of his statements in ridicule of Chinese public men and their alleged dishonesty and inability to rule their own country. All would have gone well had it not been that several persons in the audience "knew a thing or two" about China themselves and by questioning the speaker brought out the fact that the official British newspaper in China had always been hostile to any stable government in China, hence Mr. Adachi's use of editorials from that paper as justification for Japan's actions in China, fell rather flat.

THIS incident at Pittsburgh is merely one example of the widespread propaganda which has been conducted by the Japanese Government and Japanese financial agencies in the United States over a considerable number of years, the purpose being to induce American bankers and financiers to "use Japanese brains" in the financial exploitation of China; or to state it in another way: for American bankers to lend money to Japan for reinvestment in China through official or semi-official Japanese agencies. Recently there was the example of the loan of the National City Bank of New York to the Oriental Development Corporation, a semi-official Japanese colonial enterprise in Manchuria which buys land for

colonization purposes in China's Three Eastern Provinces, and prior to that was the attempt of J. P. Morgan and Company to make a large loan to the Japanese Government-owned South Manchuria Railway. Then in addition it was recently disclosed that the National City Bank had helped finance one of the Japanese banks which was involved in the notorious Nishihara loans to China in 1918 and 1919, a matter of major diplomatic controversy between China and Japan at the present time. China has, of course, unconsciously helped in this Japanese campaign because financial and economic conditions in China have been unstable for several years and this has resulted in the Government's defaulting upon many of its foreign financial obligations. It has therefore been most logical that many American financiers, who have money to lend, should be influenced by the Japanese propaganda of "Japanese Brains Plus American Money" for the the exploitation of China. In other words, the impression has been created that China is an unsafe place for the investment of capital and that Japan is a safe place for foreign investment. Therefore, lend the money to Japan which with its strong army and navy can force China to pay up. American bankers could thus obtain high interest rates on their money and let Japan "do the dirty work of enforcing payment at the point of the bayonet," a method of diplomacy which the American people will not permit their own Government to follow in China on behalf of American financiers who cannot obtain payment of their loans by ordinary business means.

CHINA'S recent employment of several American advisers to assist in the reorganization of the country's finances and currency has obviously been for the purpose of paving the way for foreign financing which will shortly be necessary if the country is to be saved from complete economic chaos and possibly communism. Mr. T. V. Soong, National Finance Minister, in his recent proposal for the adoption of a military budget, has indicated unmistakably the steps which will have to be taken to bring about financial stability and the creation of confidence in the ability of the Government to pay its past debts and re-establish its credit. Whether he will succed depends upon the future stability of the domestic political situation, largely, but also partially upon the ability of the Chinese to convince the outside world that China is a safe place for the investment of foreign capital. Aside from investments guaranteed upon the foreign-controlled Customs Administration, China has not been a safe place for foreign investment in the past. But all of the complications have not been within China's ability to control, due to foreign complications which have tended to keep the country disturbed, the purpose being to prevent political unification. Now that the Powers (with the exception of Japan) have decided to give China a chance to put her house in order, the next logical step from China's standpoint will be to obtain foreign loans. It is here that China will run up against the Japanese propaganda in the United States, which as stated in the foregoing, has been designed for the very purpose of preventing China from obtaining foreign money, independently of Japan,—the Japanese realizing all too well that an independent China capable of standing on her own feet would shortly overshadow Japan as a Far Eastern Power!

Mr. T. V. Soong's proposal for the adoption of a military budget as well as an article on the same subject by Mr. P. T. Chen, appear elsewhere in this issue of *The Review*. a perusal of which will show that the success or failure of the Chinese Revolution as well as the reestablishment of financial stability almost entirely depend upon a proper solution of this question.

THE BAN ON THE MORSE-MACNAIR BOOK

OWING TO OPPOSITION which has been raised in influential Chinese political circles, the *Commercial Press*, the large Chinese publishing house at Shanghai has been forced to withdraw from sale the recently published book, "Far Eastern International Relations," by Dr. Hosea Ballou Morse and Dr. Harley Farnsworth MacNair. The book is really a revision and condensation of Morse's standard book "International Relations of the Chinese Empire" which was printed in England in 1910, Dr. Morse having just retired at that time from many years of service as Secretary to the Inspector-General of the Chinese Maritime Customs Administration. Dr. Morse, who was born in Nova Scotia and received his education at Western Reserve and Harvard, joined the Chinese Customs Service in 1874 and during his long service also assisted the Chinese Government in numerous diplomatic matters. He is the author of numerous books dealing with Chinese currency, guilds and commercial subjects and in addition a "Chronicles of the East India Company." He is now residing at Arden, Camberley, England. Dr. Harley Farnsworth MacNair, the author of the volume, "Far Eastern International Relations," which has been banned by the Chinese authorities, is now a professor at Chicago University. He is a native of Greenfield, Pennsylvania and received his education at Columbia University and the University of California. He arrived in China in 1912 to accept a position as Professor of History and Government at St. John's University. In 1914 he served as Dean of the East China Summer School which was held at St. John's. He has written numerous books on Chinese subjects, several being used as text-books in Chinese schools. For several years Dr. MacNair served as a contributing editor on the staff of *The China Weekly Review*, and it was in this connection that much of his work was done, several of his earlier books consisting of reprints of articles which appeared originally in *The Review*.

THE OBJECTION which has been raised in Chinese political circles regarding Dr. MacNair's "Far Eastern International Relaitons," apparently has to do with paragaphs which appear on Pages 1029, 1030, 1031, 1032 and 1033 of Chapter XXX which have to do with the Nanking Road and Shameen incidents of 1925, the allegation being that statements have been made "which are detrimental to the Chinese people." This chapter is headed "The Far East in 1927" with a sub-title, "Nationalism, Bolshevism and Imperialism," and consists of a review of the situation which had developed in the Far East since the close of the World War when, to quote from the book "Japan and the Powers overreached themselves in China and at Paris, with the result that a strong spirit of nationalism and of patriotism was stirred up.....The danger lies mainly in two factors: the breaking down of the prestige of the white peoples as a result of the World War, and the intimate relationship between China and Soviet Russia which has developed since 1923." There then follows a review of China's relations with Soviet Russia and the events, particularly labor troubles, which led up to the incidents in 1924. In reference to the Nanking Road incident, Dr. MacMair says, "The May 30 affair was immediately seized upon by the students and by all the elements of unrest as a rallying point for nationalism and anti-foreignism. Propaganda of the most provocative type containing

startling perversions of facts was spread throughout the country..... No such unrest and excitement had been observable in China since the Boxer period twenty-five years before...." In reference to the Shameen incident at Canton on June 23, the author quotes the warning of the British Consul-General Sir James Jamieson that "any attempt to penetrate onto the British concession on Shameen will be resisted by force of arms and for the consequences your government will be held individually and collectively responsible." Then a little further on Dr. MacNair says, "From evidence and inference the presumption is strongly against ths firing having begun on the Shameen (foreign) side—the Europeans had nothing to gain and everything to lose from such an occurrence. The Russian-advised Canton on the other hand risked little—human life being the cheapest of Asiatic commodities—and stood a chance to gain much. From the political viewpoint the greater the loss of Chinese lives in such an affair the greater the popular hatred of foreigners with their special rights and privileges, the nearer the goal of world revolution, and the stronger the nationalist sentiment with consequent strengthening of the Southern Government. From the economic point of view the anti-British sentiment strengthened the possibilities of Canton's becoming a primary port of call and replacing Hongkong as the chief port of southern China.." In addition to this, Dr. MacNair quotes a paragraph from an account of the Shameen incident by Mr. George E. Sokolsky, which appeared in the *China Year Book* for 1926 wherein the British Consul-General at Canton is quoted as saying, "I can, from the evidence of my own eyes, make the statement on oath that the firing (at Shameen) was first started by the Chinese...."

DR. MACNAIR, an otherwise careful historian, apparently has made the mistake of repeating the standard foreign version of the 1925 incidents at Shanghai, Canton and elsewhere, together with the oft-repeated British assertion that the Russians were largely or solely responsible. In following this course he overlooks or does not emphasize the fact that these various incidents in 1925 which really mark the turning of the tide against foreign control in China, had their beginnings in the failure of the Powers to carry out treaty revision which was promised at the Washington Conference. The Russians undoubtedly had much to do in helping the Chinese organize their so-called Nationalist movement, but they obviously had nothing to do with the creating of the causes for the movement which were long-standing and which had been manifested in numerous ways. As Dr. MacNair states, the 1925 incidents at Shanghai and Canton, were of considerable assistance to the Nationalists in their drive against the foreigners' special rights, but it is not correct to say that they were deliberately planned with that object in view. These demonstrations and incidents were nothing more than an outward manifestation of a long-standing Chinese grievance regarding the so-called "unequal" treaty situation which gave foreigners special privileges in China which the Chinese considered detrimental to their national welfare. They had tried through ordinary diplomatic means to get action at the Paris Conference and again at the Washington Conference. The Powers promised much but did little—until the incidents of 1925 brought the question to a head and forced the Powers to give attention. Looking back on these incidents today, one must admit that they were highly successful because they did consolidate Chinese opinion behind the Nationalist movement as a means of delivering the country from foreign bondage and in addition they had the effect of arousing liberal opinion all over the world in behalf of Chinese nationalism. The recent treaties which the National Government has negotiated on the tariff and extraterritorial questions are a testimonial to the domestic and international political successes of 1925. It is unfortunate that Dr. MacNair's book did not give both sides of the story because it was written largely for text-book purposes, but in view of the state of public opinion now prevailing in China it is obvious that the book as it stands could have suffered no other fate than what it has suffered. It is dedicated to Dr. F. L. Hawks Pott, President of St. John's University, "leader in modern education in the Far East."

DR. FERGUSON'S SALE OF THE SIN WAN PAO

IT IS PROBABLY correct to state that very few foreigners or Chinese knew, prior to the announcement of the sale of his interests a few days ago, that Dr. John C. Ferguson, an American citizen had for practically a third of a century owned a controlling interest in the *Sin Wan Pao*, one of the leading Chinese newspapers. For many years the paper printed at the head of the editorial column a phrase, "Incorporated in Delaware," which gave a hint to the American interest in the paper, but certainly it is interesting information that an American citizen has been able to build up a newspaper in the Chinese language that has become one of the leading, if not the leading Chinese newspaper of the whole country; a newspaper that now has a daily circulation of about 200,000 and which undoubtedly exercises tremendous influence. Some idea of the value of the paper is gained from the report that Dr. Fergusone received $800,000 for his controlling interest. An interesting side-light on Dr. Ferguson's sale of his interest in the *Sin Wan Pao* was provided a few days following the announcement of the transaction when the local branch of the Kuomintang issued a protest *against the sale*, the protest being based on a rumor that Dr. Ferguson's interests had been purchased by "reactionary interests," including Chi Hsieh-yuan, Wellington Koo and Liang Shih-yi. The Kuomintang protest urged Dr. Ferguson to maintain his control of the paper "until same could be taken over by the Nationalists." According to report Dr. Ferguson's interests have actually been purchased by a group of Chinese bankers in Shanghai who will continue the present policy of independence from the standpoint of political affiliations. The present managers of the paper, Messrs. Wang Pai-ji and Wang Zoong-wei, sons of Dr. Ferguson's former associate in the enterprise, will continue to direct the paper in the future as they have in the past, the emphasis being on *news* rather than political bias. From the standpoint of equipment the *Sin Wan Pao* probably has the best printing plant and most modern newspaper building in Asia. Its only weak point is in the matter of foreign news and there is hope that the new proprietors will shortly arrange for direct telegraphic news facilities from both America and Europe. At the present time there is not a single Chinese newspaper or news-agency which maintains correspondents abroad, all of them depending upon foreign news supplied by foreign news agencies. The result is that the Chinese people as well as their government are largely working in the dark from the standpoint of direct political and economic news reports from abroad handled and interpreted through Chinese agencies. Dr. Ferguson, the former pro-

prietor of the *Sin Wan Pao* was born in Ontario Province of Canada in 1866 and received his education at Boston University where he received the A. B. and Ph. D. degrees. He was appointed president of Nanking University in 1888 and from 1897 to 1902 was president of Nanyang College at Shanghai. Since 1902 he has served in various advisory capacities with the Chinese Government, chiefly as advisor to the President in Peiping where he has exercised great influence. He assisted the Chinese in connection with diplomatic matters at various international conferences when treaties were negotiated or revised, the latest being the Washington Conference in 1921-1922. He has been on the advisory committee of the International Red Cross and frequently has assisted in raising funds for famine relief work. His interests have also extended into the field of Chinese art, he having written several books, the latest being "Outlines of Chinese Art," "Chinese Mythology," and "Chinese Painting." He is a trustee of Boston University, a fellow of the Metropolitan Museum of New York and an honorary adviser to the Government and Old Palace Museum at Peiping. When he is not in China, Dr. Ferguson's home is at Newton, Mass.

JAPANESE LAND MARINES AT HANKOW AGAIN!!

AFTER ENJOYING comparative quiet, since the signing of the Chen-O'Malley agreement in February, 1927, which provided for the retrocession of the Britsh Concession, Hankow is again in the throes of a serious disturbance as the result of a Chinese coolie having been knocked down last December by a Japanese marine on a motor cycle, sustaining such injuries that he died shortly afterwards. The principal result of the incident has been a renewal of the demands on the part of the Chinese community for the retrocession of the Japanese Concession at Hankow. The Bureau of Foreign Affairs for Hupeh has issued a statement giving the details of the death of the coolie, named Hsui Hsin-ling. An autopsy was held December 17 in the Japanese Dojinkai hospital by Dr. Brauns, a German physician. Dr. Hu, a Chinese physician and Dr. Fujita and Dr. Takemasa, Japanese physicians. The report of the German doctor was to the effect that the coolie had died from a general inflammation of the peritoneum consequent upon a rupture of the intestine. In investigating the incident itself, it was learned that after the accident, an alleged brother of the deceased ricsha coolie had accepted fifteen dollars from the Japanese concerned in settlement of the matter, a statement at the time having been prepared by the Japanese police authorities. At that time, however, the serious nature of the injuries sustained by the coolie was not yet apparent. However, when the coolie died, the Commissioner of Foreign Affairs presented to the Japanese Consul General a claim for the payment of the funeral expenses, compensation for the dead man's family, and an adequate penalty for the marine responsible for the death of the coolie.

THE COMMISSIONER of Foreign Affairs in his statement asks the that Japanese Marine Corps should be withdrawn from Hankow, its presence there not having the authority of any treaty and contradictory to the Regulations regarding Armed Forces in China adopted at the Washington Conference. The stationing of a Japanese Marine Corps in Hankow, the statement continues, besides violating Chinese territorial sovereignty and defying the resolutions passed at the Washington Conference, has now become a menace to the lives of the Chinese in view of its machine-gun motor-cycles with their reckless drivers running rampant inside and outside the Japanese Concession. The incident in which the ricsha coolie met his death while resting by the street corner, the statement mentions, "is but one of the many possibilities." In the meantime a tense situation has been created, punctuated with "incidents." As a result of no reply coming from the Japanese which the Chinese considered satisfactory, Chinese pickets began to besiege the Japanese Concession at Hankow January 9, and a strike was declared, the most effective being that by the wharf coolies. The strike pickets warned ricsha coolies from entering the Concession and tried to prevent all Chinese from going inside. The strike committee in charge of the strike maintains five departments, namely, publicity, management, investigation, general affairs and finance. Warnings against any personal injury to foreigners have been served upon all strikers, who are strictly ordered to observe the committee's rulings. Negotiations in the meantime continued between the Japanese and Chinese authorities, but by the following day the situation had become so tense that the Japanese Consul issued an order that all Japanese outside the Concession must come inside and no Japanese women should enter Chinese territory. Prior to the agitation there were already three Japanese gunboats in Hankow, three others arriving a day or two later, with Japanese merchant vessels anchored alongside the Bund ready for an emergency. The Japanese put up sandbags and barbed wire barricades around the Concession, marines patrolling the boundaries; and a Chinese telegram alleged that a group of them had seized some of the Chinese pickets on Chinese territory and beaten them. Posters denouncing the Japanese attitude toward Chinese were posted up in profusion. In the meantime the boycott became very effective and numerous Japanese shops and hongs closed their doors. On the evening of January 10 representatives of the Japanese authorities called on General Hu Tsung-tao, Garrison Commander of Wuhan, protesting against the stationing of pickets around their Concession and requesting the cooperation of the Chinese authorities for their removal.

COL. LAWRENCE AND THE AFGHAN REBELLION

IT PROBABLY will require several months before the truth is known about the civil war which has been in progress in Afghanistan which, according to dispatches published in Shanghai on Wednesday, Jan. 16, has resulted in the abdication of King Amanullah and the appointment of his half-brother Sirdar Inayatulla to the throne. *Reuter's* message from New Delhi, India quoted a report appearing in one of the Afghan newspapers to the effect that King Amanullah had been forced to sign a decree abolishing most of the so-called reforms which the newspaper reports have alleged were the chief cause of the discontent which finally reached the stage of a serious rebellion. King Amanullah, however, denied this report. A report was published in these columns of *The Review* several weeks ago telling of King Amanullah's reform measures, which largely were the result of an extensive tour which he made of Europe for the purpose of obtaining information for the complete reform or "modernization" of his country. The most important "reform" which the King instituted upon his return, was the development

of a modern army, he having decided to employ foreign military instructors and in addition had sent a large number of young Afghan officers to Europe for instruction in modern military science. Now, if we would believe the newspaper reports, King Amanullah was first forced by the rebels to forego most of his new measures and then was compelled to abdicate. However, in view of the fact that Afghanistan is a center of Russian, British and French intrigue it will be necessary to wait for fuller reports before forming any definite conclusions regarding the situation. The reason for suspecting that there are other elements involved than the opposition to "reform" has been provided in a few brief messages having an indirect bearing on the Afghan situation. One of these was a *United Press* report from London on Jan. 5 which was published in the *North China Star*, the American paper in Tientsin which stated that reports had been published in London to the effect that the Afghan Government had ordered the arrest of Col. Thomas E. Lawrence who won fame in Mesopotamia and Palestine as a leader of the Arabs during the World War. Col. Lawrence, who had formerly been a research fellow at All Souls College, Oxford had familiarized himself with the Arabs in the course of exploration work which he had conducted prior to the war in that territory. When the war came on he led the Arab tribes in their rebellion against the Turks, which paved the way for Gen. Allenby's military expedition, which brought much of this country under the British flag. Col. Lawrence's activities since the World War have been rather obscure, it being reported that he was dissatisfied with the actions of the British Government following the Peace Conference and had retired. Recently, however, it was stated that he was a private in the British air service in India. The report that the Afghan Government had ordered his arrest in connection with the recent rebellion in that country is therefore significant. The latest on the question was a very brief *Reuter's* report from Karachi on Jan. 12 stating that Col. Lawrence had arrived there from Lahore by airplane and had suddenly sailed for England from Bombay. This report stated that Lawrence had been serving in the British air force in India under the name of "Aircraftsman Shaw." The British Government on Jan. 5 denied that Lawrence was mixed up in the Afghan rebellion and branded the original report as a "bolshevist canard." Aside from the report referring to Lawrence, there was still another element in the Afghan situation which indicates that there has been more behind the rebellion than resistance to the program for modernizing the country. This had to do with the activities of one Sirdar Muhammed Omar Khan, a member of the Afghan royal family who had been expelled from the country for sedition and had sought refuge in India where he was reported under arrest. Sometime ago it was stated that he had "escaped" and may have been mixed up in the rebellion. On Jan. 3 the British Government in India offered a handsome reward for his detention, supposedly on representations of the Afghan Government. As stated in the foregoing, Afghanistan is a very desirable piece of territory which has long been the center of intrigue on the part of various powerful European nations, hence it is necessary to read the news reports regarding politics in that country with the usual barrel of salt. The *Reuter* message on Jan. 16 telling of the abdication of King Amanuallah stated that the new king is reactionary and friendly toward the British Government in India.

The Japanese and the Mukden Coup D'Etat

IF THE CHINESE had any doubts regarding an indirect Japanese connection with the coup d'etat in Mukden on the evening of Thursday, Jan. 10 which resulted in the shooting of Generals Yang Yu-ting and Chang Ying-hui at the hands of Gen. Chang Hsueh-liang, their doubts probably have been set at rest by recent telegrams from Tokyo quoting such high officials of the Japanese Government as General - Baron Tanaka, Premier and Mr. Jotaro Yamamoto, President of the South Manchuria Railway as stating that Gen. Yang's death will complicate Japan's railway program in Manchuria. Since more than six months have elapsed since the killing of Marshal Chang Tso-ling, the former head of the Mukden Government, on June 4 of last year and the case is still a mystery, it is obviously too early to expect any logical report giving the real reason for the shooting of Generals Yang Yu ting and Chang Ying-hui. Manchuria is a hotbed of international intrigue where three nations are fighting for an empire and since the world has not yet advanced sufficiently for the adoption of regulations governing such competitions, it is but to be expected that murders, assasinations, bombings and similar underhanded activities should be the order of the day.

Gen. Yang Yu-ting, Former Chief-of-Staff in Mukden Who Was Executed Upon the Orders of Gen. Chang Hsueh-liang.

Gen. Chang Hsueh-liang, Head of The Mukden Government, Who Ordered the Execution of Gen. Yang Yu-ting and Gen. Chang Ying-hui.

The first reports to reach Shanghai regarding the latest Mukden incident were in the form of dispatches from the semi-official Japanese *Toho* news service from Mukden on the afternoon on Friday, Jan. 11, stating that Gen. Chang Hsueh-liang, head of the Mukden Government had

„suddenly dispatched his troops and captured the Mukden arsenal and arrested Generals Yang Yu-ting, Chang Ying-hui and Weng Chih-lin and that it was generally observed that differences of opinion between Generals Chang and Yang on the question of the hoisting of the National flag and the transfer of military rights to the National Government were the cause of the action." Other reports told of the searching of Gen. Yang's residence, and still later reports told of the execution of the two military officials after a military trial lasting for five hours. A *Reuter* message from Tokyo, also dated Jan. 11, gave five possible reasons for the execution,

(1) He placed Marshal Chang Hsueh-liang in an awkward position regarding railway negotiations with Japan.

(2) That he misappropriated $25,000,000 from the Mukden Arsenal funds.

(3) That his followers were plotting the overthrow of Marshal Chang Hsueh-liang.

(4) That the Nationalists scented out the plot and requested Marshal Chang to deal with the matter in an appropriate manner.

(5) That he opposed Mukden hoisting the Nationalist flag.

Still another *Toho* message on Jan. 11 gave the following account of the incident and also possible motives,

General Chang Hsueh-liang, upon the arrival of Generals Yang Yu-ting and Chang Ying-hui at his headquarters at 7 o'clock last evening, ordered a party of armed soldiers to surround the room, where the two generals were entrapped, thereby cutting off communications with the outside. It is reported that the Young Marshal caused the Generals to be shot on the spot, after pointing out to them their crimes and putting them through a severe examination.

The residence of Generals Yang Yu-ting and Chang Ying-hui, are now being strictly guarded by squads of troops. Admittance to these residencies is being refused.

Henchmen's Flight

When it was found that a *coup d'etat* had been carried out by General Chang Hsueh-liang upon General Yang Yu-ting and his associates, all the leading members of General Yang's faction, at once took refuge within the South Manchurian Railway zone first and then fled to Dairen.

General Chang Hsueh-liang's *coup* is attributed to the facts (1) that General Yang Yu-ting's faction, which is of the opinion that it is premature to hoist the National flags, has not only so far refrained from flying the National flags but has taken an absolutely defiant attitude towards the Kuomintang and (2) that when General Yang some time ago celebrated his parents' birthdays, he mustered a large number of members of his own faction, which, it was considered, amounted to an anti-Chang Hsueh-liang demonstration. This action on the part of General Yang and his associates has been looked upon by General Chang Hsueh-liang's faction as an obstacle to the new political system of the Three Eastern Provinces. The foregoing facts are ostensibly the reason for the *coup d'etat*, but it is said that other complicated reasons also exist.

In order to gain an understanding of the background for this latest act of violence in the Manchurian drama, it is necessary to know something about the principals. Gen. Yang Yu-ting, who formerly was Chief-of-Staff to the late Marshal Chang Tso-ling and who was popularly known as the "Brains of the Mukden Party," was born at Fakuhsien, Fengtien Province in 1885. He went to Japan for his military education, and received a diploma from the artillery department of the Japanese Military Officers' Academy. After serving in various capacities in the Fengtien army he was appointed in 1912 as head of the Mukden arsenal and also on the general staff of the 27th Fengtien division. Later he was promoted to Marshal Chang Tso-ling's general staff. In 1917 he incurred the displeasure of Marshal Chang and retired to Tientsin but was shortly recalled following the first Chihli-Fengtien war and assisted in the reorganization of Chang Tso-ling's army. Later he was made Chief-of-Staff and reappointed director of the arsenal. In 1924 when the war between Kiangsi and Chekiang spread over the whole country, Gen. Yang assisted the Fengtien militarist, Chang Chung-chang in defeating Gen. Chi Hsieh-yuan and was appointed tupan of Kiangsu province. He was shortly forced out, however by Gen. Sun Chuan-fang and returned to Mukden where he was made a Lieutenant-General. He participated in the war against Marshal Feng Yu-hsiang in 1926. Shortly after this Marshal Chang Tso-ling again became displeased with Gen. Yang and he resigned, supposedly because of his opposition to Chang Tso-ling's plans for making war on the Nationalist forces. In 1927 Gen. Yang publicly exposed the attempt of the Japanese to obtain a large loan in the United States for the purpose of financing the Japanese owned South Manchuria Railway in its program for acquiring a net-work of Japanese controlled railways in Manchuria.

Turning to the other side of the picture we find Gen. Chang Hsueh-liang, son of the late Mukden Warlord, Marshal Chang Tso-ling, as the nominal head of the Government in the Three Eastern Provinces. The "Young General" as he is popularly known, was born in 1898 and was thus considerably younger than Yang Yu-ting. He received his military education in the Military Training Academy at Mukden and also studied for a time in Japan. Due to his father's position he rose rapidly through the various military grades and was sent on several occasions to Japan to witness manoeuvers in that country as his father's representative. He participated in the various wars between Fengtien and the Chihli Party and in 1925 was sent to Shanghai where he served for a time as commander of the Fengtien cadets which were sent here following the defeat of Gen. Chi Hsieh-yuan, tupan of Kiangsu. It has always been a debatable question whether the "Young General" possesses real ability as an administrator, his enemies alleging that he has always inclined toward a life of ease and frivolity. Upon the death of his father, it was inevitable that he should be pushed into the headship of the Manchurian Government, regardless of his ability or lack of ability. That he has shown considerable ability since assuming the chairmanship of the Government in the Three Eastern Provinces seems certain, although it has generally been known that powerful political and military interests of the so-called "Old Guard" in Manchuria have constituted the real power.

It was inevitable that there should be friction between the "Young General" and Gen. Yang Yu-ting, the Chief-of-Staff. This friction has been of long standing because Marshal Chang Tso-lin always looked upon Yang Yu-ting as the most responsible and intelligent man in his organization, hence his title, "Brains of the Fengtien Party." Gen. Yang had always been looked upon as the leader of the so-called "Young Fengtien Party," hence it was most natural that he should have resented the placing of Gen. Chang Hsueh-liang in the position of chairman of the government following the death of the Marshal. Another element in the situation was Gen. Yang's personal control over the best divisions of the Fengtien Army which were stationed in the vicinity of the Great Wall at Shanhaikwan. This is said to have caused recent further friction with Gen. Chang Hsueh-liang owing to the fact that the stationing of Gen. Yang's troops at the Great Wall had caused trouble with the Nationalists with whom Mukden was working for a reconciliation.

This constitutes the *facts* or known elements in the internal politics in the Three Eastern Provinces. From this point the rest is largely speculation based

upon news reports and statements by persons who are more or less in touch with the National Government at Nanking. The first reaction of officials of the National Government was to the effect that the elimination of Gen. Yang Yu-ting and his associate Gen. Chang Ying-hui, the Civil-Governor of Heilungkiang province, would simplify the problem of "nationalizing" the Three Eastern Provinces, the reason being based on the proposition that Gen. Chang Hsueh-liang would be more amenable to Kuomintang advice than Gen. Yang Yu-ting had been. Then there have been allegations that Gen. Yang Yu-ting had been conducting private negotiations with the Japanese, the Chinese newspapers in Shanghai on May 23 of last year (See *China Weekly Review* for June 2, 1928) alleged that Gen. Yang on March 19, 1928, had signed a preliminary treaty with the Japanese Minister in Peiping granting the Japanese full railway rights in Manchuria in exchange for financial support in the war against the Nationalists. This report, however, did not coincide with the public declaration of Gen. Yang a short time previously in opposition to a loan on the part of J. P. Morgan and Company and the National City Bank of New York to the South Manchuria Railway Company.

On the other hand there have been charges that it was Gen. Yang who was the real patriot in Manchuria and that it had been due to his influence that the whole Japanese railway program in Manchuria had been blocked and that Manchuria had decided to throw in her lot with the National Government. Several influential members of the Kuomintang have recently claimed that this was the real situation and that now that Gen. Yang is out of the way the Japanese will immediately press for a conclusion of their long-drawn-out negotiations for a system of railways that would have the effect of making Manchuria into a Japanese colony similar to the present status of Korea. Against this contention however, is the fact that it was Gen. Chang Hsueh-liang who ordered the National Flag unfurled throughout Manchuria at the beginning of the present year, and the further fact that immediately following the execution of Gen. Yang he is alleged to have notified the various foreign consuls in Mukden that in future all diplomatic questions pertaining to Manchuria would be handled by the National Government at Nanking. This latter report is supposed to have been responsible for a recent call which the Japanese Consul-General in Mukden, Mr. Hayashi, made upon Gen. Chang Hsueh-liang upon which occasion the Japanese Consul-General is supposed to have warned the "Young General" against any further moves that might prejudice Japan's position in the Three Eastern Provinces. This matter was referred to in a *Reuter's* report from Tokyo on Jan. 15 which quoted Japanese officialdom as "expressing fear that the removal of Marshal Chang Tso-ling and Gen. Yang Yu-ting would leave no one strong enough to control the situation, for which reason a struggle for power would likely develop between opposing factions possibly resulting in disturbances endangering the peace of Manchuria." An official Japanese *Toho* news agency report, also on Jan. 15 quoted General-Baron Tanaka as saying that "as regards the negotiation of diplomatic problems in the Three Eastern Provinces, the National Government has approached the Japanese Government with a declaration that all future negotiations concerning diplomatic affairs in Manchuria will be carried out by the National Government, *but upon inquiry of the authorities of the Three Eastern Provinces in this connection, they have flatly denied what the National Government has stated to Japan.*"

To sum up the situation it probably is correct to say that Gen. Yang Yu-ting's execution was due primarily to personal rivalry with Gen. Chang Hsueh-liang for the control of Manchuria. This is the only certain or *known* element in the situation, for undoubtedly Gen. Chang feared the power of Gen. Yang, a fear that was crystalized as a result of recent conferences which have been held in Mukden which have been participated in by both Generals as well as other leaders of the Mukden faction. But back of this element of personal rivalry is a whole fabric of Japanese intrigue which probably had as its main purpose the aggravation of this rivalry, this being Japan's usual policy in Chinese politics—the playing of one faction against another. That the Japanese were involved in the blowing up of Marshal Chang Tso-ling's train in the spring of last year is now fairly well established. Recently the Japanese newspapers have been publishing interviews with politicians belonging to parties in opposition to General-Baron Tanaka, suggesting that the whole story may be aired in the forthcoming session of the Japanese Diet in an attempt to force the resignation of Japan's militarist Premier. Owing to the official censorship in Japan the newspapers have not dared to publish the entire story but refer to a "serious affair which happened in Manchuria last summer," the reference of course being to the blowing up of Marshal Chang Tso-ling's train at the Mukden station.

That the execution of Gen. Yang Yu-ting complicates the already complicated political situation in the Three Eastern Provinces goes without saying. Violence is always met by violence and assassination by assassination. Marshal Chang Tso-ling never hesitated to decapitate his political opponents and finally met death by violence himself. Now Chang Hsueh-liang is following similar methods, an obviously futile way of settling political problems, except from a temporary standpoint. Whether the killing of Gen. Yang Yu-ting will assist or handicap the Nationalist program in Manchuria is impossible to say. There have been rumors that Gen. Yang was being supported by political elements in South China which are opposed to Gen. Chiang Kai-shek who supposedly is in alliance with Gen. Chang Hsueh-liang, the present head of the Manchurian Government. It was noticeable that when the personnel of the various Manchurian administrative committees was recently announced that Gen. Yang's name was not included, although some of his subordinates were appointed to positions. As stated in the opening paragraph of this discussion recent reports from Tokyo have indicated embarrassment at the killing of Gen. Yang Yu-ting on the grounds that it would handicap the consummation of Japan's railway program. Whether these reports constitute a genuine expression of Tokyo officialdom or whether they are given out for the purpose of cereating an *impression* of embarrassment, while the reverse is the actual fact, is impossible to say.

The following telegram to *The Review* from a well-known foreign newspaper correspondent who is familiar with conditions in Manchuria, probably gives the best version of the recent incident which has thus far appeared in print:

PEOPLE APPROVE CHANG'S ACTION

(*Special To the China Weekly Review*)

Antung, Jan. 16—While not unanimous a large majority of the population of the Three Eastern Provinces of Kirin, Fengtien and Heilungkang, approve Gen. Chang Hsueh-liang's action, first, because both Yang Yu-ting and Chang Ying-hui were inextricably affiliated with the Japanese;

Troop Disbandment—Acid Test of the Revolution

BY P. T. CHEN

Lord Robert Cecil, who pronounced disarmament as "the greatest task of the League of Nations" but decried the tragic insincerity of the nations in their effort to disarm, has described the problem of disarmament as follows: "The case for reduction of armaments is unanswerable. Economists demand it, humanitarians pray for it, and politicians preorate about it. No government could stand for a month that avowed its hostility to a general reduction of armaments. But when it comes to proposals for reducing the armed forces of any particular country, a very different situation arises. National security is invoked, even the words quoted from the Covenant are relied upon. In every capital, professions of the most pacific intentions are rife, but it is pointed out that until all nations disarm it would be quite quixotic for any one of them to do so. So that this strange result is reached: that in a time of unexampled financial difficulties, when everyone is agreed that economy is the most vital need of the day, the nations of the world are throwing away hundreds if not thousands of millions of pounds yearly because they are afraid of one another. Nor are they even mitigating their mutual fears by this waste of money. On the contrary, they are actually increasing them, and thereby also increasing that political disquiet which is the great enemy of the confidence necessary to economic recovery. The situation would be absurd if it were not so tragic."

Issues in Troop Disbandment

It is remarkable though unfortunate how, by the substitution of a few nouns, the remarks quoted might be made to apply precisely to the situation in China in regard to the matter of troop disbandment. Just as disarmament is the criterion of the League of Nations' effectiveness as an agency for world peace, so is troop disbandment the acid test of the Nationalist Government's effectiveness as an agency for the peoples' welfare. Like the nations of the world, the Chinese militarists are more anxious to propose the reduction of other's forces than of their own. But unlike them, none of the Chinese militarists could even invoke such a high-sounding principle as "national security" as the "alibi" of their hesitance to disband the surplus troops which, far from being supported, is condemned by the whole Chinese people.

The question of troop disbandment has been the subject of much political palaver as well as earnest discussion ever since Yuan Shih-kai's military satellites broke loose after his death, swamping the country with superfluous troops, tearing the government into pieces, and subjecting the people to untold miseries. The curse of China has been for the last decade or so her selfish military leaders and their huge armies, more than plagues and famines or even the unequal treaties. Butthere is no point to reiterate our indictment against the former Peking militarists. They have been condemned as "militarists", and to oust them, a sort of holy war in the name of Chinese Nationalism has been waged.

Cost of Revolution

Happy though the people are that the military phase of the Revolution has been closed and Peking militarism crushed, the price which they have paid for this victory will not be justified until it has brought them a better and happier living inder the new Nationalist regime. It will be some time before the nation fully recuperates from the heart-breaking extravagance with which life and money were thrown into the Northern Expedition. In the year between June 1, 1927, and May 31, 1928, the war cost the Nanking Government *alone* the sum of over $130,000,000, or 92 per cent. of its total receipt. And this at a time when the government had no sufficient funds even to meet its civil expenses and debt obligations; when the country's commerce, industry, communications, its whole financial and economic life, paralyzed and drained by a decade of civil warfare, was barely struggling for existence; when people throughout the country were chafing under misrule, tyranny, banditry, piracy, famine, drought, burdensome taxation, and other forms of political oppression and economic suffering. How this huge sum has been expended by the military authorities, few know, no account having been rendered to the nation. But it is common knowledge that military leaders are not wanting who have amassed fortunes out of the war in direct proportion to the financial drain on the people. Moreover, it was a matter of fact that the military leaders serving under the Nationalist flag, though avowing common allegiance to the Nanking Government, were practically each independent in their respective regions of occupation. The result was that while the upkeep of the huge armies drained heavily on the financial resources of the people, the lack of effectual obedience among the military leaders to a common civil authority rendered difficult if not impossible the unification of civil and financial administration as well as the consolidation of Nationalist strength.

These ugly facts, however, the people are asked to regard as mere incidents to war and revolution. Up till the fall of Peiping, the Nationalist Government was in the military stage of its existence, and frankly its immediate aim was to win the war "at all costs". No people on earth ever stinted to win their fight for liberty, still less should the Chinese. Any fundamental change in the usual machinery of civil and financial administration during the time of war, might affect the operations in the front, and the Government could not afford to take that risk. Great though their burden and hardship was, the people must sacrifice and exercise measures of forbearance in order that peace and unity might be won. What price Nationalism! What price Revolution! But the poor people must not look backward but forward, must not be pessimistic or even critical but optimistic, confident, as far as humanly or divinely possible, must not brood over the cost they have paid but rejoice over the blessings that are coming!

Curse of Militarism not Removed

Now all this is very well in the time of war when anomalies and abnormalities were understandable if not wholly justifiable. But what could those military leaders say to the nation who have continued to block the way of political unity and economic rehabilitation since the close of the Northern Expedition? To-day, over half a year after the fall of Peiping, national unification in more senses than one is still more nominal than real. Instead of all the military leaders taking orders from Nanking, one hears of this military leader dominating one region and that military leader dominating another. And in most cases, as testified by the statements of the Ministers of Finance and Railawys and other civil authorities, these leaders have continued in their respective regions, to mainta in huge armies, to collect and spend national revenues, to upset communications, to appoint civil and financial officials, in short, to be a drain on the people and an obstacle to political and administrative unification.

Undoubtedly the greatest menace of the military leaders lies in their interference with the programme of financial reconstruction. This has been brought out clearly in the memorandum of Mr. T. V. Soong, Minister of Finance, submitted to the National Military Reorganization and Disband-

(Continued on page 351)

(Continued from page 313)

secondly, because since 1925, Yang Yu-ting undoubtedly has been the Japanese choice for political head in Manchuria; thirdly because Yang Yu-ting and Chang Ying-hui were aspiring to a military coup d'etat, having almost completed packing all administrative posts with their personal nominees; fourthly because both were stubbornly opposed to unification of the country, refusing to accept the flag, which was not hoisted at their residences when it was unfurled all over Manchuria.

Concerning Chang Hsueh-liang's official circular explaining the execution, especially Yang Yu-ting's enormous arsenal disbursements, this benefitted the Japanese commercially, Yang Yu-ting having directed the arsenal since its inception. It is significant that the circular makes no reference to the bombing of Marshal Chang Tso-ling because the general opinion is that both men were implicated. Their execution is a stunning blow to the Japanese, but the entire provinces are peaceful and have complete confidence in Chang Hsueh-liang. However, the militarists residing at Dairen will need watching and it is necessary to direct public attention towards the Dairen refugees.

Japanese Interference at the Yellow River Bridge— and Other Aspects of Tsinanfu

BY EDGAR SNOW

Last week's issue of *The China Weekly* Review contained an account of the restrictions being placed by the Japanese at Tsinanfu, on the Tientsin-Pukow Railway officials, and on rolling stock belonging to that line. It was shown how detention by the Japanese of 51 locomotives, 492 goods wagons 33 passenger cars and 9 service cars is costing the Chinese Government Railways approximately $40,000 a day in lost revenues. Other facts presented definitely established the falsity of the statement by the Japanese spokesman at Peiping, on December 19, that "Japanese authorities have not in the past held up any rolling stock nor have they any intention of doing so or of interfering in any way with the administration of the railway." At the close of last week's article it was promised that further proof of the dishonesty of the Japanese representation would be furnished, in connection with restrictions now being enforced on the temporary lifting of the Yellow River Bridge and in the workshops of the Tsinpu Railway at Tsinanfu.

The special investigating party which on December 29 was sent from Pukow, by the Chinese Railway Administration, to attempt to enter Tsinanfu by train, finally was obliged to desert the engine and private car which had brought it as far as Hsiachuang, a point just three miles south of the main station at Tsinanfu. Abandoning of the train followed after it had been held up at Hsiachuang for three hours by Chinese railway officials acting under instructions from the Japanese authorities within the city. The party, which was composed of one official of the Tsinpu Railway, Mr. A. J. Hearne, and two newspaper correspondents, of whom I was one, entered the city on foot, stopping at railway repair shops, there to inspect the condition of the interned rolling stock. Having satisfied ourselves that the latter really was present in the numbers already mentioned— figures incidentally which were denied by the Japanese—we next turned our attention to an inspection of the damaged Yellow River Bridge.

How the Destruction Occurred

The bridge, which is the finest cantilever structure in the East, was damaged on last May I, by part of the Chihli-Shantung army of Chang Tso-lin, commanded by the ex-coolie war lord, Chang Chung-chang. The forces were retreating northward from the swiftly advancing southern armies, headed by Chiang Kai-shek. As soon as the retreating army, with a large quantity of rolling stock which it had commandeered, had crossed the Yellow River Bridge, about five miles north of Tsinanfu, Chang Chung-chang, desperate because of the nearness of the Nationalists, ordered a detail of men to return and destroy a section of the structure. It is said, however, that the Chinese balked; such an offense against civilization they would not commit. And it became necessary for the leader himself, accompanied by some of his White Russian officers, to return and lay the charge on the ill-fated pier. The destructive agent used was gunpowder, detonated by electricity. It was placed atop the two bridge seats on pier No. 8, which supports one simple span and the north anchor arm of the cantilever. The latter hovers above the river approximately at its middle. So powerful was the force of the explosion that bridge shoes weighing as much as a ton and a half were cast as far as 30 meters. The span and anchor arm, at the moment of impact, were thrown upward and then dropped onto what remained of the partly demolished pier. Terrific was the strain on these two spans and all appertaining members.

Actually, however, the damage was not as great as at first was feared. About 85 cubic meters of masonry was displaced and approximately $40,000 worth of structural steel fractured or made unsafe. But the task of reconstruction, because of the nature of the damage, is one which will require from four to six months to complete. At present, because of Japanese refusals to permit the beginning of the work, nothing has been accomplished. Unless the foundation has been strengthened before the Yellow River floods next spring, it is little likely that the rest of the repairing can be undertaken until next fall.

As early as last September Chinese engineers submitted and received approval of the plans for the rehabilitation of the bridge. The National Government issued the necessary orders to proceed with the work at about that time. Japanese authorities at Tsinanfu waited until December 17, however, before allowing even the temporary lifting operations to begin! Four weeks were granted for the lifting of the damaged spans to their normal level. But Japanese authorities continue to refuse even to discuss the replacement of injured parts, i. e., the commencement of permanent reconstruction.

Enlightening as to Japan's interference with the Chinese raliway administration at Tsinanfu are the methods which they have adopted in supervising the lifting of the damaged spans of the bridge.

In my investigation at the scene of this work I learned that the men engaged here must all be approved by the Japanese military. Their names, as well as a record of their past connections, must be filed with the officious Nipponese. It is claimed by the latter that these precautions are necessary in order to keep any "dangerous men", labor agitators, communists, plain clothes agents of the National Government and such like, from creating disturbances among the workers. Each employee is required to wear an armband of identification so that the Japanese officers, during their daily visits at the bridge, at once can spot any man of whom they have been given no account. Living quarters, too, are selected by the Japanese for the laborers. Verily one wonders if they do not tuck them into bed at night also!

The Chinese officials state that they are required by the Japanese to furnish a complete inventory of the materials used in each day's work. And to the daily investigating parties of the Japanese army, the engineers must point out where the materials have been used. So annoying have become these persistent interrupting interrogations that one of the Chinese engineers said to me, quite seriously, that they are considering the employment of an intelligence man whose sole duty will be to supply the Japanese with whatever information they desire, and conduct them hither and yon at their pleasure.

Lifting the Damaged Piers

The plan for lifting of the damaged piers was adopted only after a number of suggestions had been received by the Chinese from various foreign bridge experts, including those of Gutchoffnungshuette, the German firm who built this Yellow River structure about sixteen years ago. As may be seen from the accompanying illustration, the liftings agents are a series of wooden braces. Under the cantilever arm fourteen of these temporary traffic supports have been placed. And similarly, under the simple span on the oppositie side of the pier, there are four of these lighter supports, composed of tiers of wooden railroad ties, or sleepers, erected on a foundation of gravel, sand and clay. Directly on each side of the damaged pier, are four main elevators, of heavier construction than the traffic braces. These rest on the same foundation of gravel, etc., but they are topped by great edge steel girders, surmounted by thick iron plates, on which rest the huge jacks which now are raising the spans to their original position. As these slowly are elevated, a fraction of a millimeter at a time, the temporary traffic supports, or braces, also are raised, by the addition of more sleepers, thus easing the strain on the main lifts.

When the cantilever reaches the desired level, and the small section of destroyed track is replaced, traffic safely may be resumed over the bridge. Permanent repairs (one must ask the Japanese if there are to be any!) could then be undertaken without the interruption of traffic.

In their estimates furnished to the Ministry of Railways, the Chinese engineers in charge of operations at the bridge approximated the total cost of lifting, making permanent repairs, making provisions for resumption of traffic, material, labor costs, etc., as $151,800. Since it is believed that some of the damaged parts may be salvaged, it is possible that this cost may be reduced to around $130,000.

In allowing the lifting work on the bridge to proceed it was necessary for the Japanese to release a few of the freight cars, twenty to be exact, and two locomotives, (See last week's article) which had been interned with other rolling stock that has lain idle in the Tsinpu yards at Tsinanfu ever since the Japanese invasion there last May.

Idle Mechanics at the Repair Shop

The repairing of these cars and locomotives thus gave some occupation to the staff of mechanics who have been idling at the Tsinpu Repair Shops, near Hsiachaung. One corner of the big forging and machine shops now have been put into operation, in order to furnish materials for use in this work.

A visit to the shops leaves one rather depressed. Thick coatings of dust are on everything but a few machines in spots where the work mentioned above is being done. I saw row upon row of big expensive mechanical devices upon which grease and cobwebs had collected to form a picture of long continued and dismal disuse.

About 1500 skilled and unskilled laborers normally are employed at the Tsinpu shops in Tsinanfu. Following the trouble there last May all of these workmen were forced out of employment. They were not fired. But most of them realized

that it might be many months before local conditions would permit them to resume work. Some of them managed to obtain employment elsewhere. In October, however, the railway officials announced that all the workmen who so desired could return to the shops, at half-pay. Although there are not now sufficient repairs to engage more than a few of the men who accepted this offer, the Ministry of Railways continues to pay the full staff at the agreed rate. As soon as the Japanese restrictions upon the workshops are removed, there will be plenty of work, surely, for everybody. From the general appearance of disorder and dilapidation which prevails at the Tsinpu yards one suspects that a small army of mechanics could be kept busy for many weeks merely putting a respectable mien on the place.

Publicity Forces Japan to Negotiate

Although the more important objects of our trip in reality were not accomplished, it is felt by the railway that at least the spotlight of publicity has been placed upon the continued Japanese blockade of international trade at Tsinanfu.

It was hoped that our party might be able to return with news that Japan at last had agreed to release the rolling stock, lack of which is crippling the service of the Tientsin-Pukow Railway. It even was thought that the Japanese also might allow the resumption of traffic through Tsinanfu. While these hopes, as has been seen, temporarily were blasted, the world or that part of it which is interested in the situation at all, now knows that the Japanese spokesman's statement, already referred to, was in each respect inaccurate.

There is no doubt whatever, in my opinion, that the Japanese have prevented the movement of the rolling stock at Tsinanfu, that they have interfered with the administration of the railway, and that they show every indication of continuing to hinder the progress of the rehabilitation of the line and the reestablishment of traffic through the ex-capital. I believe anyone who has read my account of the situation I found to exist in this Japanese controlled area, cannot but come to the same conclusions.

In deference to the international indignation which Japan must realize inevitably will follow when the facts presented here become widely known, it is quite probable that release of the rolling stock now will occur at an early date. It is understood that Nishida this week began negotiations with Mr. Hearne, offical of the Tsinpu Rai way, after the latter had presented the credentials demanded by the Japanese. An American in Tsinanfu, closely in touch with developments of the Hearne-Nishida meetings, informs *The Review* that Mr. Hearne is very optimistic as the outcome. He said a few days ago that the almost immediate return of at least a part of the rolling stock was assured, and that it was quite possible an arrangement for a skeleton freight service operating through Tsinanfu, would be made.

Meanwhile it is interesting to record a few hasty observations on things other than rolling stock, in this territory.

Boycott and Trade

Anti-Japanese sentiment undoubtedly is today more pronounced among the Chinese at Tsinanfu than it ever has been. One of the chief reasons advanced by the Japanese for their continued military occupation of Shantung is that the feeling against their nationals lately has become so intensified that were their troops now to evacuate, without taking all their countrymen with them, another Tsinan incident, more ghastly than those of the past, most surely would occur. Foreigners agree that the present hatred of Japanese and all things appertaining thereto, far exceeds the ill-feeling that existed before May 1.

It is reported from many sources, some of them quite reliable, that the Japanese have had difficulty in securing food and clothing for their soldiers, as well as for their nationals living along the Kiachow-Tsinan Railway, where the 20-li occupation by Japan's military still is enforced. Merchants stoutly refuse to sell them cotton, grain, meat, salt and other essentials. The Japanese themselve admit having to move at night what cattle they obtain, for fear of molestations from indignant Chinese citizens. One of the consuls told me the story of an American who was hired by the Japanese to purchase provisions for the army (now about 3,000 men) stationed in Tsinan and adjoining territory. This enterprising gentleman gladly accepted an opportunity to profit from the unusual situation. Into the country he went, his pockets bulging with Japanese cash, buying, as an American, large quantities of cotton, cattle and miscellaneous articles needed by the Japanese troops. Successfuly he carried out his mission and, returning to his employers delivered the goods. News of his deception however, leaked out. Chinese merchants vigorously objected and lodged complaints with the American consul. A general boycott against foreigners was feared and nationals of other countries demanded that the American consul forbid a repetition of the occurrence. Which e latter promptly did, adding that if his request were ignored he American government could not be held responsible for protection of the life of the canny purchasing agent Since this incident Chinese merchants have become suspicious of every foreigner who buys large stocks of provisions and it is said they insist upon being furnished proof that Japanese are not to receive the goods.

Scenes of Prosperity—and Despair

Despite the rigid observance of the Japanese boycott within the city of Tsinanfu other trade there has somewhat revived. Endless processions of wheelbarrows again fill the streets. Street vendors, innumberable as of old, cry out their wares. And one can watch from dawn till sunset the long lines of trucks, mule carts, barrows, and rickshas proceeding with great loads of merchandise in the direction of the cities south of Tsinanfu,—now, because of the Tsinpu traffic suspension isolated from the rest of the province. All the Chinese shops appear to be doing a thriving business and loud are the cries of barter and exchange everywhere. But Tsinanfu is far from prosperous.

Never have I been in a city so crowded with beggars and refugees. From many points victims of the famine have surged into the town, seeking only the necessary daily drops of nourishment—now being supplied free of charge from the Red Cross Soup Kitchens. Poverty stares one in the face everywhere. Walking behind the Tsinan Club, that neat modern little building the foreigners have constructed for themselves, I was presented with a dreary scene. Here families have found refuge in semi-cave dwellings. A few bits of matted straw form the entrances to these unique retreats. One or two boast ambitious facades of clay bricks. Thin veils of smoke rise from holes in the cliff onto which these houses are attached. Shivering with the cold, weary and emaciated looking, their occupants dully work at their small duties. I moved away, slowly, casting another look at the snug little bungalow which the foreigners have built across the street.

Shantung Famine and the Japanese

At the Shantung branch of the International Famine Relief Committee I interviewed the assistant executive secretary, Mr. F. C. Zee. Abruptly I asked him whether the Japanese occupation had increased their difficulties in administering relief, whether it had heightened the seriousness of the situation in parts of the province.

"Indirectly it has made the situation worse in most of Shantung," Mr. Zee said. "Particularly is this true in the southern part of Chihli, a district we also serve. The Japanese occupation of the area surrounding the Kiachow Railway has had the effect of blocking communication with the northern part of Shantung and the lower section of Chihli. Thus we have been handicapped in sending our representatives into these territories. The rule of the National Government is not exerted very strongly there because inadequate transportation makes it practically impossible to patrol the northern part of Shantung. If the government could use the Kiaochow Railway in sending soldiers and relief workers to these parts our job would be much simplified.

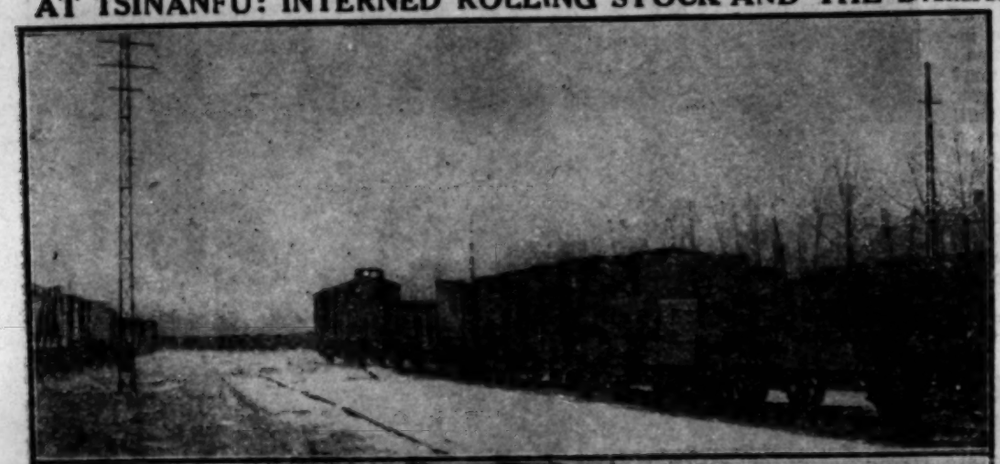
"Added to these difficulties is the bandit menace. The explanation of its existence is that the area patrolled by the Japanese, in most instances having no established government, has become sort of a rendezvous for criminals. Bandits who terrorize towns to the north of the Kiachow line can commit their robberies and depredations without fear of punishment. After they have sacked the villages they merely return to the Japanese specially protected area—and they are safe."

"Because of the uncertain government which exists throughout the heart of Shantung, due to the Japanese occupation, lawlessness has been greatly encouraged. The territory on the fringes of the railway constantly is in fear of vagrants, bandits, looting and general disorder, all of which add to the trials of administering relief, and, indeed, heightens the necessity for it. Changch u, for instance, cannot be reached because of the terrorism prevailing in the bandit-infested region through which one must travel between it and the Shantung (Kiachow-Tsinan) Railway."

In discussing other phases of the famine Mr. Zee said that at present labor relief was the chief method now being used by the committee. Well-digging, dike repair and road construction largely constitute the employment given to the famine victims. Payment of these workers is made in grain and cooked foods, each man being allowed several catties to meet the daily needs of himself and his family.

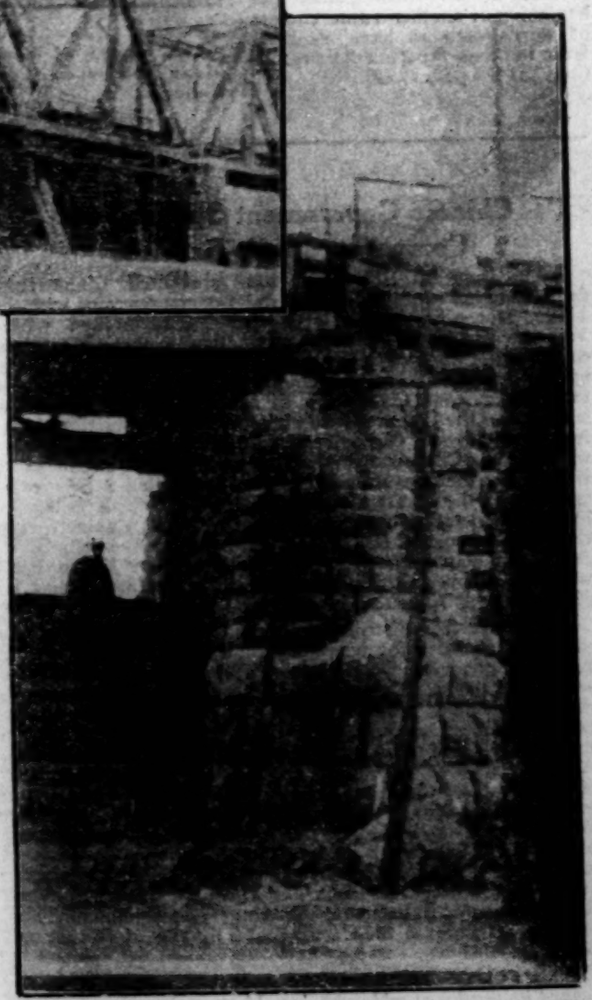
Extreme famine conditions exist only in the northwest of Shantung, in the district surrounding Kufow, where crops were below 50 per cent normal this year. Lincheng and the neighborhood immediately around it, also is severely affected and it is probable that here, as well as in Ichowfu, the people will be in dire need before the winter is over.

AT TSINANFU: INTERNED ROLLING STOCK AND THE DAMAGED T-P BRIDGE



A few of the Tientsin-Pukow's 492 goods wagons, which have been detained, together with other large quantities of rolling stock, ever since the Japanese military invasion of Tsinanfu eight months ago.

Temporary wooden supports, lifting the damaged spans of the Yellow River Bridge, after delays of several months caused by Japanese interference.



Close-ups, of the ill-fated pier No. 8, blown up last May by the retreating forces of the Chihli-Shantung Army. Wooden structures surmounted with steel jacks, are lifting cantilever arm and span to original position.

Only $60,000 for 1,000,000 Sufferers

"Since the beginning of the committee's work last year," Mr. Zee declared in answer to interrogation of mine, "we have been allowed approximately $60,000 and with this amount have relieved some 50,000 sufferers. I should estimate, from reports we have from our field committee, headed by an American missionary, Dr. F. F. Tucker, that our probable need in cash, or its eqivivalent in grain and food, will be half a million dollars, at a minimum. About 1,000,000 people in Shantung will be affected to the extent that we shall have to administer some kind of relief, before the famine reaches its climax."

These conditions are worth mentioning because, as Mr. Zee stated, they are in a serious degree augmented by the Japanese intervention. It is well that the world should know a few of the internal problems which vex Shantung, for without the difficulties presented by Japan this weary state surely has enough to do in alleviating ills of purely Chinese inspiration. Thus the Japanese obstacle, in appearing at a time when all Shantung is in an emaciated condition, is the more bitterly resented by those Chinese, as well as some foreigners, who are attempting to straighten out matters there.

In Tsinanfu the subject uppermost in everyone's mind is how much longer Japan will continue to plague Shantung. Will

she persist in her determination not to remove Japan ese troops until the settlement of the Tsinan inident? Will she insist on China's paying the cost of her intervention? Will she hold the mailed fist over the *miserables* of Shantung until the National Government makes a definite concession to her so-called special rights iu Manchuria? Or is she shortly to renounce her "strong China policy", remove her soldiers and make an effort to recapture the trade and good will which she has lost as a result of her recent actions here?

At the moment these are moot queries. Nobody knows. But with the recent announcement that Mr. Yoshizawa, Japan's Minister to China, is soon to proceed to Nanking, for the purpose of settling all Sino-Japanese disputes, the situation seems somewhat more hopeful than it has for several weeks. It yet remains, of coursea to be demonstrted whether Mr. Yoshizawa brings with him the right to negotiate for a governme nt sincere and in earnest or whether his arrival merely will mark the beginning of another futile contest of words such as have resulted from the Sino-Japanese "conversations" of the past.

Picture, Courtesy Shanghai Times

A Group of Famine Sufferers in the Lingju District of Honan Province where Many Thousands of Chinese are in Destitute Circumstances Owing to Successive Crop Failures.

Chinese Government Starts Two Competing Radio Services

The long deadlock which has prevented China from developing her own independent radio communication with the United States, Europe and other countries, was broken with a vengeance on Monday, Jan. 24 when two competing services, controlled by different departments of the National Government announced the opening of circuits. One circuit which cooperates with the Radio Corporation of America by way of Manila, is knwon as the Chinese Government Radio Administration and is controlled by the Government Board of Reconstruction of which Chang Ching-kiang is Chairman. The other circuit which is known as the Government International Radio Service is operated by the Ministry of Communications which is headed by Wang Peh-chun, a member of the National Cabinet. The Chinese Government Radio Administration, or the "C, G. R. A." has its office in the new Sassoon House on Jinkee Road while the Government International Radio Service has its office at No. 30 Avenue Edward VII.

Both services distributed independent competing rate schedules to local foreign and Chinese business houses in Shanghai during the week and both are advertising their new services in the local foreign and Chinese press. According to the rate schedules, ordinary commercial messages from Shanghai to San Francisco cost $1.65 cents a word with 85 cents a word on deferred messages by the Chinese Government Radio Administration Service, while the other or Government International Radio Service advertise a rate of $1.80 a word on ordinary messages and 90 cents a word on deferred messages to San Francisco. The situation in respect to rates between Shanghai and Europe is reversed, the Chinese Government Radio Administration's rates being slightly higher than those quoted by the other service. The Government International Radio Service operated under the Ministry of Communications, sends its messages to the United States by way of Harbin and Germany.

The Chinese Government Radio Administration, officially opened its service at midnight, Jan. 14 by exchanging messages of greeting between Chang Ching-kiang, chairman of the National Reconstruction Board and General James G. Harboard, President of the Radio Corporation of America and Col. C. H. Nance, Vice-President of the Radio Corporation of the Philippines, which company is a subsidiary of the American concern. The messages from Gen. Harboard and Col. Nance congratulated China upon the acquisition of a Chinese-owned radio station and pledged cooperation between the American and Chinese services. Mr. Chang, on behalf of the Government Reconstruction Board also pledged cooperation and declared that the new radio service "will strengthen the traditional bond of friendship of our two great countries."

U. S. to Loan G. $115,000,000 for Ship Construction

A recent Washington dispatch to the *San Francisco Examiner* stated that more than $115,000,000 is to be immediately expended for the construction of upwards of 275,000 tons of modern liners to fly the American flag. Of this sum the United States is to advance three-fourths from a construction loan fund. Plans for all the proposed ships have been submitted to the U. S. Shipping Board and approved. They vary from two express liners of approximately 40,000 tons each and designed to be the fastest ships afloat, to a number of smaller combination freight and express ships of about 12,000 tons. All the vessels are to be operated by private concerns, but under the law will be required to fly the American flag on routes designated by the Shipping Board, and the United States government will hold a mortgage on the ships until payment is completed.

The outstanding ships are two which the Shipping Board has decided must be added to the U. S. lines, it that line is to survive. They are to be of 40,000 tons, not quite so large as the *Leviathan*; will do better than 23 knots and cost between $18,000,000 and $20,000,000 each. The Board believes that offers to build these ships will be made early in the new year. The Dollar Steamship Line has obligated itself to build immediately five 20-knot ships ranging in tonnage from 20,000 to 30,000, to be used in "round the world" cruises, at an approximate cost of $35,000,000

Proposed Loan of $65,000,000 to Complete Canton-Hankow Railway

A *Ta Chung* News Agency despatch from Hankow states that the Ministry of Railways has despatched an official communication to the Wu-Han Division of the Central Political Council endorsing the raising of a loan of Mex. $65,000,000 for the completion of the Canton-Hankow Railway to be secured on the salt revenues of Kwangtung and Hunan. The communication further suggested that the step should be undertaken in conjunction with the Canton Division of the Central Political Council.

D.A.R. Meeting in Shanghai

The January meeting of the Shanghai Chapter of the Daughters of the American Revolution was held at the home of Miss Bosworth, 1564 Avenue Joffre, January 9. After a short business meeting there followed an interesting account of the raising of the million-dollar fund for Constitution Hall and laying of the cornerstone, together with the reading of a report of the Chairman of the Committee for National Defense.

Chinese and Americans Cooperate for Famine Relief in China

In connection with the efforts of the China International Famine Relief Commission, the State Council at Nanking has decided to issue bonds to the value of Mex 10,000,000 to be known as the National Government Famine Relief Bonds of the 18th Year of the Republic of China. Commencing with June 1929, the bonds are to be redeemed in twenty semi-annual installments. They are being issued at 98, and bear interest at eight per cent. The Peking correspondent of the Manchester Guardian, December 21, described conditions in North China in November as follows:

According to a statement issued by the China International Famine Relief Commission at the close of its annual meeting, held recently at Tientsin, grave famine conditions exist at present in nine provinces in China, and twelve million persons already are destitute. Twenty million is given as a "conservative estimate" of the number likely to be affected seriously when the famine reaches its height. These figures, it is claimed, are based upon a careful analysis of the information which delegates to the meeting brought from all parts of the country, together with other data which had come in to the Commission from various sources during recent months. The statement declares that over the greater part of the affected area the causes of the famine were loss of crops due to drought and insect pests, with a back-ground of war and banditry extending over a period of years. In the case of Kansu province a Mohammedan uprising was the cause.

The annual meeting adopted a resolution recommending for consideration a number of relief measures which past experience has shown to be effective and practical. These included constructive projects of permanent economic value, such as well-digging, road-building, irrigation and dykework, small loans, the selling of grain at cheap rates, and emergency free relief for special groups before other projects can be put into operation.

Picture, Courtesy Shanghai Times

A Group of Chinese Famine Sufferers Gathered at the Shankai Temple in one of the Famine Districts of Honan Province. It is estimated that practically 12,000,000 People are in Destitute Circumstances in the Provinces North of the Yangtsze.

It is estimated that the minimum amount needed to meet the situation and prevent serious loss of life will be $40,000,000 local currency—about £4,000,000. The Commission plans to take the major share of the burden upon its own shoulders, and is appealing to charitable organisations in China and throughout the world for help in raising the sum of £2,400,000, which will be required to enable the carrying out of a big-scale relief programme. Purely Chinese relief organizations, it is expected, will do the rest.

A Missionary's Report

The dreadful conditions prevailing in one of the worst affected regions are described in a recently published letter from a missionary in Northern Shantung.

"After three months and more of constant itineration in the worst areas of central and northern Shantung and in Chihli (he writes) I am very sure that want and starvation stalk abroad. Twenty women and girls passed through a village one day bound for distant parts. All had been bought (most of them to be wives) at from $4 to $40 (8s. to £4) each. Some children, especially girls, are transferred for a sack of grain, and some without price.

"Drought last spring was the primary cause of the present condition. On the heels of the poor wheat crops in many areas came one disaster after another. There were the retreating and advancing soldiers; there were the ever increased taxes, and then some locusts and the "army worms." These pests were far more widespread than for many years, reaching from south of the Yellow River to Tientsin and beyond. No way seems to have been found to cope adequately with them. They strip the leaves from the millet and kaoliang, sometimes eating the tender grain. The result is a head of grain which is half or entirely empty, so that the yield may be but 25lb. a Chinese acre. The locusts were gathered at night in great quantities, killed in hot water, and saved for future eating, though this variety is a very poor diet, often causing gastric irritation.

"The timbers, doors, and windows of many houses have been sold and the money used to get away to Tientsin, Shansi or Manchuria. Many tens of thousands have immigrated the last few months. Land is practically unsalable in many regions, there being no buyers, and with the high taxes the small holder often figures he is better off to desert the land of his ancestors. Yet Mukden and other places report that the Shantung refugees are indeed suffering here also. The worst is yet to come.

"The usual variety of food substitutes and diluents are used —chaff, now scarce and expensive, dried leaves of all kinds, sawdust, &c. Fortunately grains have not risen much in price, and this is partly due to the farmer being forced to sell some of his small store so that tax money may be had. Prices are now going up, the general average being 45 per cent above the prices of two years ago.

"Regardless of what relief is given or planned there is tremendous suffering ahead, not only in these two provinces, but elsewhere as well. Many homes with no winter clothing or bedding spell bitternes, sickness, and death, and vitiated constitutions must result—unto the next generation as well. Fighting may be over, but the fight to exist is not over for the millions on the Chihli-Shantung plain. The famine areas are not huge, but there are many, and all most densely populated, despite forced migration.

Soldiers Bring Infectious Diseases Into Districts

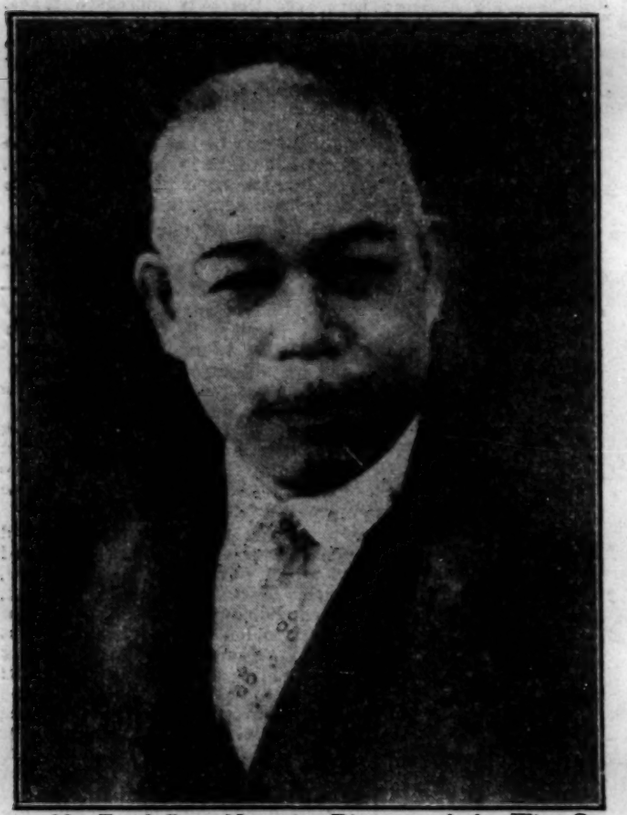
"In many regions the soldiers have introduced typhoid, cholera, typhus, and relapsing fevers. Were it only the infirm that were carried off it would perhaps not be so serious. With taxes extremely high and soldiers numerous the misery, seems fairly sure to last till spring and summer harvests—acute for several millions and less so for many more. All possible relief funds from every available source are needed. Surely some of the Red Cross societies will respond when they know the deep need.

"A pronounced feeling that the Chinese average man is more friendly towards the foreigner than ever before in history remains with me. Nor does this deep and confirmed impression result from the knowedge that I have to do with relief, for the friendliness referred to was everywhere expressed before my mission was known, this applies to large areas in Chihli and Shantung lately covered on foot and on donkey-back, in Peking carts and by automobile."

New Government Mint at Shanghai Is American-Equipped

BY B. Y. LEE

All thinking Chinese have had a long cherished hope to see the tael as a currency unit abolised and a uniform dollar circulated throughout the length and breadth of the Republic. At present there are many mints operating in various provinces, each coining either silver dollar coins or subsidiary coins in various designs, such as the Canton Mint, the Hangchow Mint, the Nanking Mint, the Hupeh Mint, the Yunnan Mint, and the Mukden Mint, etc. Some of these coins are circulated locally only. Thus, so far, China is not yet united in the matter of currency. Various types of dollars including the coins



Mr. Kwok Bew, Managing Director of the Wing-On Department Store at Shanghai, Who Has Been Appointed Director of the New Shanghai Mint.

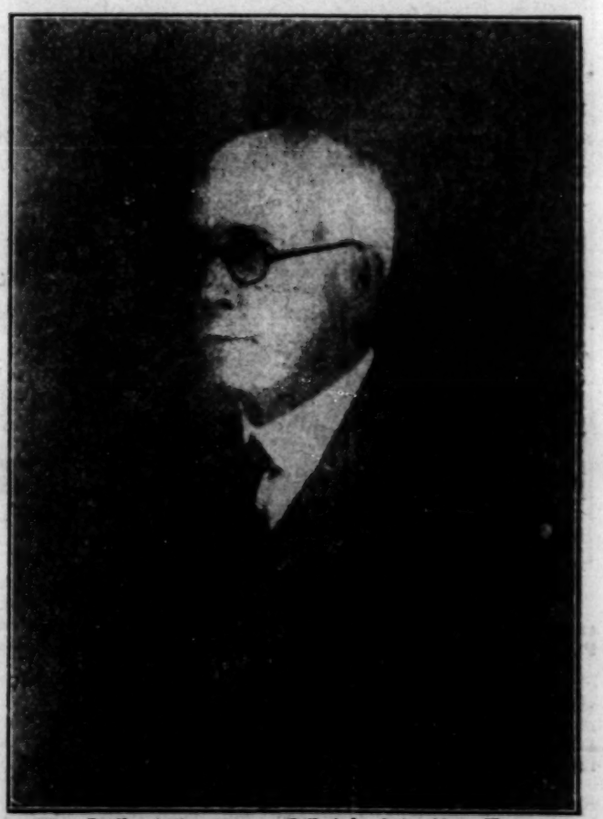
minted in Mexico and many other South American countries are or have been curculated. In realization of the weakness of the currency system, the Shanghai Bankers' Association and the Native Bankers Association induced the government to establish a large mint in Shanghai for the purpose of hastening a reform of the currency. This explains how the Shanghai Mint came into existence.

The Shanghai Mint has a long history. On March 3, 1921, a group of Chinese bankers in Shanghai, twenty-three in number, made a loan of $2,500,000 to the Ministry of Finance in Peiping for the establishment of the mint in Shanghai and the loan was guaranteed on bonds secured on the salt surplus revenue and issued at 93, bearing a yearly interest of 9 percent. The arrangement was made that through the Bank of China a monthly instalment of $700,000 was to be paid to the creditors, and later the sum was increased to $1,000,000. On account of the enormous cost of land, building and machinery coupled with the inefficiency of the first superintendent, the pre-arranged sum was not enough. And a little later, internal political conflicts caused delaying the operation of the mint. Since April 1923 when the machinery arrived it was left untouched, and the building left unoccupied. However last November the reopening of the work was decided upon by the Ministry of Finance, and the appointment of Mr. Kwok Bew as director of the Mint was announced. At the end of November Mr. Kwok accepted the appointment.

Located in Chapei

The mint is located in Chapei just opposite Gordon and Ichang Roads across the ferry. The total area is 105 mow or approximately 18 acres, and the administration building, workshops, engine house, etc. occupy about one-third of the total; the rest of the land is expected to be utilized for a copper mint in the near future. The buildings consist of a three-storied adminstrative building, a workmen's dining hall, a workmen's bath, a lavatory, and an engine house. The machinery is all American made, and was ordered through the American Trading Company and the Wah Chang Trading Company, some small parts being ordered to be made in local factories. At present 60 % of all the equipment has been taken to the mint, and the rest is expected to be delivered shortly—as soon as all payments are fully paid up. Practically all the equipment has been installed except the heating installation which had been awarded to the American Trading Company, and also the water tanks. On account of these delays the turbines which had been installed for a long time have not yet been tested. The mint is self-contained, that is, it manufactures its own gas, its own steam, and electricity. Full equipment is installed to pump water directly from Soochow Creek.

The total cost for land is around $400,000, that for buildings, $300,000, and that for machinery and equipment $3,300000, or a total of about $4,000,000. The dimensions of the building are 275 x 350 feet. The building was designet, by Atkinson and Dallas, Shanghai architects, and was built



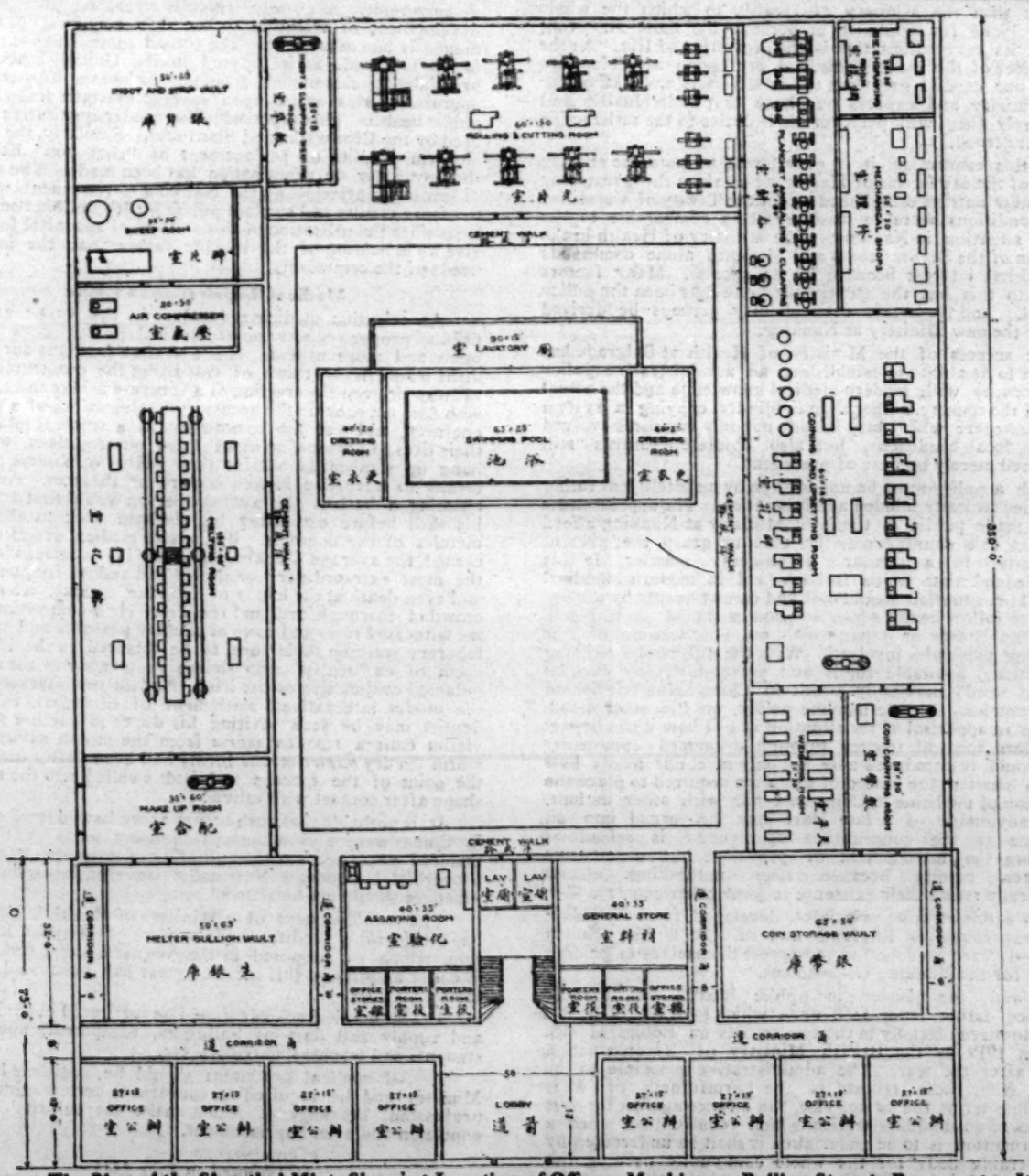
Mr. Clifford Hewitt, an Official of the U.S. Treasury Department and an Expert on the Construction and Operation of Mints, Who has been Granted a Leave of Absence by the American Government to Enable Him to Come to China to Supervise the Opening of the New Shanghai Mint.

of reinforced concrete except the floors on the upper stories. The daily capacity (based on 10 hours) of the mint will be 600,000 silver coins including 20 percent of subsidiary coins. The operations are divided into assaying, melting, rolling, coining, engraving, and weighing. The mint will be put into operation within about three months' time and is the largest in China. It is two times larger than the Philadelphia Mint; it is also called the New Central Mint of All China. The number of operatives and staff will be around 300.

Mr. Kwok Bew, the newly appointed director of the mint

(Continued on page 340)

The Shanghai Mint, Said to Be the Largest Mint in the World, Which is Shortly to Be Opened in Shanghai by the Ministry of Finance of the National Government.



The Plan of the Shanghai Mint, Showing Location of Offices, Machinery, Bullion Storage Rooms, etc. It is Modern in Every Sense and is Said To Be an Almost Exact Duplicate of the U. S. Government Mint in Philadelphia and the Philippine Government Mint at Manila.

A Ministry of Health in China

BY WU LIEN-TEH

(In the China National Medical Journal for December)

We heartily congratulate the Nationalist Government on the establishment of a Ministry of Health at the new capital of Nanking. We are the more gratified because our hopes as expressed in the August issue of this Journal have so quickly realised. The new Minister, Mr. Hsueh Tu Pi, although not a medical man, has been in close touch with health work during his tenure of office as Minister of Interior, one of whose functions was the administration of health in the country. The Vice-Minister is Dr. Liu Jui-Heng, the well-known surgeon of Peping, who for the past five years has held the post of Superintendent of the Hospital of the Peking Union Medical College. The Ministry will have five departments, namely, Administration, Epidemiology, Public Health, Disease Prevention and Vital Statistics. It is expected that each of these departments will be presided over by an expert in his own field of work, so that the greatest measure of success may be achieved.

No other Ministry in the capital has started under happier auspices than the Ministry of Health, to which the whole country looks for guidance in perhaps the most important part of its occupations, that is, the protection of life. As the mouthpiece of the modern medical profession of China, we extend our cordial greetings to the Ministers and staff of the new Ministry and express our hope that individually and collectively they will perform their duties to the satisfaction of all concerned,

In this connection, it is of interest to note the relative success of the Ministries of Health set up since the great war in the new nations established under the Treaty of Versailles where conditions were in many respects comparable to the present situation in Nanking. The Ministry of Health in the Kingdom of the Serbs, Croats and Slovenes alone commands international interest because of its success. Many factors enter into this but the outstanding one has been the policy followed. And from this a lesson may perhaps be derived to guide the new Ministry at Nanking.

The success of the Ministry of Health at Belgrade has been due to its ability in establishing an administrative policy in conformity with modern medical knowledge and the actual needs of the country, rather than in blindly copying a system from elsewhere which may include not only measures evolved to meet local conditions, but also obsolete features still maintained merely because of precedent.

Such a policy must be undertaken by an intelligent rather than a mechanically minded administration. The appointments already made public in the new Ministry at Nanking afford hope that this country may be able to grasp the present opportunity in a similar intelligent manner. It is acknowledged that China is backward in modern medical ideas. The situation should not and cannot be met by a blind attempt to follow health administration as found in England, the United States or Japan with no appreciation of the underlying principles involved. With the differences existing in conditions, available funds and personnnel, any random imitation would inevitably result in China being left behind other countries. A statesmanlike policy, on the other hand, based on an appraisal of the situation and of how it can be met by modern medical science through organised community effort, would, if introduced now, not only meet our needs best but also shorten the period of evolution required to place the application of medicine in China on a par with other nations. The disadvantage of a late start may be turned into an advantage if the concomitant opportunity is seized of preventing the introduction of prevalent but unscientific procedures, merely because some unthinking official mechanically noted their existence in some other country.

Two administrative principles, developed from the public health experience of England and of the United States respectively, are so sound as to suggest themselves as guiding precepts for the Nanking Government.

England, the pioneer in public health, has a long experience dating from 1858 upon which to draw. This has been epitomized officially in the two reports on Public Health issued in 1919 by the British Ministry of Reconstruction created after the war. The administrative principle to be learned from these reports is the harmfulness of what Newsholme terms the *ad hoc* vice, "an offence against the first principles of good administration, which require that when a special function is to be undertaken it shall be undertaken by one governing body for the whole community needing the service, and not for different sections of the community by several governing bodies." In view of the importance that China should not repeat this mistake, one can do no better than quote from the report:

> "It has been the vice of our organisation of the machinery of government that the separate provinces of government activity have been carved out, or permitted to develop, not to fulfil a special purpose for all sections of the population, but to fulfil all purpose for a special section. It is not surprising, in view of the fundamental importance of the national health in all relations of life, that, for each special section of the population in turn, progress in Government activity should discover the necessity for action in matters of health. In the absence of a Ministry of Health the Departments concerned with each special section retained and developed their own responsibility by means of independent and watertight machinery; while, as every such section of the population overlaps to some degree every other section, the specialised health provision thus established rapidly became full of duplication and overlapping."

The National Government should immediately allocate all health functions to the Ministry before this natural but harmful *ad hoc* vice has opportunity of becoming established.

Curative medicine dealing with the individual is now scientific, having evolved numerous methods since the first memorable one of taking the pulse to measure health and disease. Public health, dealing with individuals collectively in a community, has only recently reached the stage of development of scientific rather than empirical practice in diagnosis and treatment. The second administrative principle to be followed, as introduced in the United States, is the principle of community diagnosis by means of quantitative appraisal forms based upon specific biostatic knowledge of public health. This supersedes the cruder qualitative technic used by the Chadwicks and Shattucks. Similarly, the appraisal form permits of replacement of "shot gun" by specific therapy after an examination has been made. The adoption of this latter principle by the Nanking Government will help to ensure results and to place public health in China on a sound basis since the utlization of this method of appraisal forms will give an indication of the specific rather than the imaginary needs of the community.

Medical Registration in China

As scientific medicine develops in this vast country, the need of proper registration of medical practitioners becomes more and more urgent. It is a strange fact that our government would never think of entrusting the construction of a railway or even the erection of a concrete bridge to any person who does not provide the necessary qualifications of a practical engineer, and yet the community as a whole would entrust their lives to persons, many of them unscrupulous, who just hang up signboards outside their offices or possess sufficient means to advertise in newspapers or theatres. And when choosing a barber, the average person would first enquire of his skill before entrusting his delicate neck to the tender mercies of the operator. But, where medical practice is concerned, the average Chinese, especially his womenfolk, shows the most extraordinary credulity and suffers frequent agony and even death at the hands of ignorant quacks, who throng crowded thoroughfares and temples. How many times have we witnessed rows and rows of country peasants and even city laborers waiting their turn to be tortured in the dirty dark room of an 'oculist' who shoves rusty needles through the inflamed conjunctiva or the iris! And on any market day in the *model* international settlement of Shanghai, the street dentist may be seen inviting his dupes to watch a suffering victim emit a *swollen worm* from the mouth cavity, which worm (in dry *papier mache* form) had been deftly inserted at the point of the forceps and had swelled into the requisite shape after contact with saliva!

It is probable that such scenes as we have described above in China were also witnessed in many parts of Europe a hundred years ago, for the gullibility of untrained humanity is proverbial, but under a Nationalist Government such wicked practices should not be allowed.

The establishment of a Ministry of Health in the capital has considerably facilitated the scheme of Medical Registration, which we proposed in the August issue of this Journal. We may amplify on this occasion what has been said on the matter:

1. All medical schools should be registered at the Ministry and supply full data of buildings, equipment, number of students and teachers, curricula, etc,

2. All medical graduates should be registered at the Ministry and be required to conform to certain ethics of the profession, breakage of which make the culprits liable to expulsion and even imprisonment.

(Continued on page 334)

Sino-Japanese Interests and Issues in Manchuria

BY C. WALTER YOUNG*

MANCHURIA has long been considered the international cockpit of the Far East, and rightly so. Periodically the Three Eastern Provinces assume in world politics a position which compels attention. Upon those occasions there is a veritable chorus of correspondents and students of affairs whose discoveries are heralded in the press and international conferences with the preface that Manchuria has *assumed* a position in world affairs which is menacing, that Manchuria has *become* "the danger spot of the Far East" or even "the most dangerous question in world politics." The echo of this chorus in itself should be loud enough to cause thinking observers of affairs in the Far East particularly to recognize that Manchuria does not "assume" or "become" a dangerous question, but rather that it *remains* a dangerous question, the most dangerous, in fact, of all international issues in the Far East. It is, or may become, a *territorial* issue, and as such has abiding qualities. The international interests of the powers involved are vested and historic; they grow; they never disappear.

Moreover, the "Manchurian Question" is not one but a complex series of questions which are capable of solution neither by courts of arbitration nor other interference of disinterested powers. There is a conflict of right versus right in Manchuria, not of right versus wrong. Adequately to appreciate the character of the entire problem it would be necessary to have a clear conception of *all* the international interests of the powers, not alone of those of China and Japan, but of Russia, Great Britain, the United States, as well as France and Germany. On the ground that the powers most vitally concerned, however, are Japan and China there perhaps need be no apology for treating at length the position of Japan, which is contested by China, and the relations of both to the territory over which two major wars have been fought in our recent history. The recent events which have focused world attention on Manchuria are those which most vitally concern China and Japan.

Manchuria again compelled international attention during the summer of 1928 when a series of new developments necessitated an entirely new orientation of view with respect to the international interests particularly of Japan. "In the realm of international affairs no single matter is of such importance to China and to the world at large at the present moment as the fate of Manchuria" wrote Nicholas Roosevelt, a keen observer of Far Eastern diplomacy, during July.[1] Similar statements might be quoted to characterize no less than four other episodes or periods in the history of Manchurian diplomacy since 1895. In consequence of each of these the changed circumstances in Manchuria have necessitated four complete changes in point of view adequately to evaluate the new conditions.

Those problems which have arisen out of the international interests of Russia, Japan, and, to a lesser degree, of other powers in Manchuria, assumed one form following the intervention of Germany, France and Russia (at the principal instigation of the last) in 1895 by which they compelled Japan to forfeit their cession of the Liaotung peninsula. When Japan defeated Russia in 1905, and secured through the treaty of Portsmouth and the Sino-Japanese treaty of 1905 with its attendant protocols the rights which Russia had acquired in South Manchuria previously, a second orientation of international interests in Manchuria was effected. The Sino-Japanese treaties and exchanges of notes of 1915, following the submission of the so-called "Twenty-one Demands" on China during the Great War, necessitated a reorientation of those international interests consequent upon the acquisition by Japan of additional rights in Manchuria. Of these the principal were the extensions to ninety-nine years of the leases of the South Manchuria Railway and the Antung-Mukden line, together with that of Port Arthur and Dairen, which latter have been interpreted by Japan to mean the Liaotung peninsula, referred to now as the "Kwantung Leased Territory."

The Washington Conference, while not altering materially the *status quo ante* in Manchuria in regard to these most fundamental Japanese acquisitions of 1915, nevertheless marked a fourth stage differentiated from the former by the signing of the Nine Power treaty relating to principles and policies to be followed in matters pertaining to China, and by the voluntary declarations on the part of Japan as to their policy in Manchuria. The former, by securing treaty sanction to postulates of the open-door policy which were included in a new and more comprehensive definition of that policy, without being retroactive in its application, created a more definite measure with which to interpret and to test the policies of all the powers concerned in Manchuria. Practical considerations have so far prevented any attempts on the part of interested powers to test the Japanese declarations that the latter would not prevent the participation by the International Banking Consortium in financing certain railway projects in Manchuria for the Chinese Government.

From the Washington Conference until the present certain events have occurred in Manchuria, such as the progressive recovery by China since 1924 of rights held by Russia in the Chinese Eastern Railway and the new efforts on the part of the Chinese to build railways independent of any foreign capital, events which, though not unimportant, cannot in themselves be said to have necessitated an entirely new interpretation of the interests of the powers in Manchuria, more particularly of those of Japan. The success of the Nationalist armies, however, in the capture of Peking and the defeat of the Mukden faction in May and June of 1928, together with the mysterious murder of Marshal Chang Tso-lin, the generalissimo of the Mukden armies and the dictator of North China, were events of sufficient significance in their effect on Manchuria to warrant the assertion that we have now entered into a fifth, and greatly altered stage, in the evolution of the "Manchurian Question."

Whatever may be the future of the Nationalist Government in China, those events which have already occurred since their assumption of control in Peking in July have drawn to a focus certain long pending problems concerning Manchuria, or have actually created new ones, so that any attempt to clarify this new situation must take into account a series of entirely new facts. Of these the principal are: (1) the diplomatic relations of Japan and the new Nationalist Government on questions other than those relating especially to Manchuria, such as the matter of recognition of the Nanking Government, tariff revision and the problem of extraterritoriality, as well as such developments as the "Tsinanfu Incident" of May 1928; (2) the necessity for a change in Japanese policy to take into account the fact that no longer is it possible to deal soley or directly with the Mukden Government in matters pertaining to Manchuria; and (3) the possible role of Russia, either in consequence of a *rapprochement* with Japan or of a new relation which it is not impossible may develop between the Nationalist Government and their recently rejected Russian neighbors whose interests in Mongolia have a direct bearing on Japan's policies in Manchuria.

The New Phase in Sino-Japanese Relations

The events which have transpired to create this entirely new phase in the relations of China and Japan with respect to Manchuria, and less obviously in the international relations of all the powers with interests there, are intimately associated with the military successes of the Nationalist armies in China proper. The first of these events which has a bearing on the Manchurian situation was the clash between Japanese and Nationalist soldiers in Shantung which gave rise to what is now known as the "Tsinanfu Incident." In consequence of an established policy of dispatching troops to Shantung for the announced purpose of protecting the lives and property of Japanese subjects, the Japanese Government had sent some 15,000 troops to that province by the first of June, 1928. Chiang K'ai-shek (Chiang Chieh-shih), commander-in-chief of the Nationalist armies which were advancing toward Peking, sought to avoid an open clash with the Japanese, but failed to prevent a subordinate general from permitting his troops to enter Tsinan. The ensuing unfortunate bombardment of Tsinan by the Japanese troops during May widened the breach between the Nationalists and the Japanese Government, furnished the impetus for another anti-Japanese boycott, and by so doing served to intensify that animosity which makes the Sino-Japanese *impasse* over Manchuria still less capable of immediate solution. Both sides have made liberal use of tales of atrocities committed by the adversary. Both Governments have filed their versions of the "Tsinan Incident" with

[1] The *New York Times*, August 5, 1928, p. 4; Mr. Roosevelt's interesting article in the *New York Times Magazine*, August 19, 1928, is also pertinent.

*Mr. C. Walter Young, who recently accepted a position in The George Washington University, following his return from three years abroad in the Far East and Europe under the Willard Straight Fellowship for Chinese Studies, has made intensive field studies of problems in Manchurian economics and politics. During 1925 to 1927 Mr. Young was in north China. During the summer of 1926 and for the greater part of 1927 he made his headquarters in Dairen, South Manchuria, while he was engaged with his researches on Manchurian subjects. Following his return from Leyden University, Holland, Mr. Young was a lecturer on Far Eastern History in Harvard University for the Summer School of 1928. He participated in the round-table discussions on Manchuria and the Far East at the Institute of Politics at Williamstown during August. Mr. Young during 1921-23 was a lecturer in Japan and for the two years following was on the faculty of political science at the University of Minnesota, Minneapolis. He is now engaged with further research in international relations of Manchuria. This article appeared originally in the December, 1928, issue of "Pacific Affairs," Honolulu.

the Secretary General of the League of Nations at Geneva. Whatever may have been the truth of the report that General Chiang K'ai-shek had sought to prevent the entrance of Chinese troops into Tsinan in consequence of a *modus vivendi* previously arranged with Japan, there is no doubt but that the subsequent policy of the Nanking Government, as exhibited by the sudden attempt of the new foreign minister, Dr. C. T. Wang, to abrogate the Sino-Japanese treaty of 1896, was directly influenced by the "Tsinan Incident," the settlement of which seems now to be as remote as five months ago.[1]

The Capitulation of Peking to the Nationalists

Japan took no measures to interfere with the occupation of Peking by the Nationalist armies and during June the forces of Marshal Chang Tso-lin retired toward Manchuria. The Japanese Government did issue warnings both to Marshal Chang and to Nanking, that Japan could countenance no disturbance in Manchuria which would endanger Japanese interests there. This announcement might be interpreted as a harbinger of the definition of Japanese policy which followed shortly thereafter. The occupation of Peking (renamed Pei-p'ing or "Northern Peace") gave the Nationalist Government nominal control of all China proper. Manchuria, however, remained under the control of the Mukden group of whom General Chang Hsueh-liang, son of Marshal Chang, became the head, following the mysterious bombing in Mukden of the private car of the Mukden generals which resulted in the death of Marshal Chang Tso-lin and of certain members of his staff.

Death of Marshal Chang a Vital Factor

The death of Marshal Chang Tso-lin, with whom Japan had long had intimate relations and through whom Japan had been accustomed to negotiate for settlement of outstanding questions pertaining to Manchuria, is perhaps the most important single event in the political history of Manchuria in a decade. The toga of the dictator has been inherited by the son, General Chang Hsueh-liang, though the power of his sceptre is recognized now only within the confines of the Three Eastern Provinces, a power which in the not far distant future may be shaken by his own subordinates or other malcontents. The late Chang Tso-lin while ensconced in Peking as Ta Yuan Shuai, or military dictator, showed himself to be less amenable to Japanese influence than while he remained in Mukden. The son, Chang Hsueh liang, who is far less self-assertive and capable than his father, and more inclined to compromise with the Nationalist group, undertook to negotiate with the Nanking Government an agreement whereby he might retain control over internal administration in Manchuria in return for granting to the Nanking Government control over foreign relations, Manchuria to be placed nominally under the Nationalist flag.

Japanese Assertion of Right to Keep the Peace in Manchuria

At this juncture the Japanese Government early in August dispatched Baron Gonsuke Hayashi as special envoy to Mukden with the object of warning Chang Hsueh-liang against his intended move to place Manchuria under the nominal control of the Nationalist Government of Nanking. Japan's strong "advice," coming after representations directed to the same end by Mr. Kyujiro Hayashi, Japanese consul-general at Mukden, had the immediate effect of causing General Chang Hsueh-liang to delay indefinitely any attempt at compromise with Nanking, while the subsequent negotiations between Baron Hayashi and representatives of General Chang secured for Japan certain commitments from the Mukden general suggested by the declaration of Mr. K. Hayashi made on his arrival in Tokyo in September that "They will respect the special rights and interests of Japan in the Three Eastern Provinces." [2]

Japan's assertion of the right to keep the peace in Manchuria to protect Japanese interests there came not without previous indication that such a definite policy would be pursued. On May 18, in a note to the Nanking Government which was also communicated to Chang Tso-lin, Japan clearly anticipated this assertion of policy by declaring:

> "The Japanese Government attaches the utmost importance of peace and order in Manchuria and is prepared to do all it can to prevent the occurrence of any such state of affairs as may disturb that peace and order or constitute the probable cause of such a disturbance. In these circumstances should disturbances develop further in the direction of Peking and Tientsin and the situation become so menacing as to threaten the peace and order of Manchuria, Japan may possibly be constrained to take appropriate, effective steps for the maintenance of peace and order in Manchuria." [3]

Equally, the opposition of the Nanking Government to the stand taken by Japan in prevailing upon General Chang Hseuh-iang not to form a close union with Nanking might have been anticipated by that Government's reply on May 30th to the Japanese note, which countered:

> "The Nationalist Government, in view of the commercial importance of the Three Eastern Provinces and the large number of foreign nationals resident in them, will take proper and satisfactory measures for the maintenance of peace and order, so that both Chinese and foreigners may enjoy full protection. This responsibility rests solely with the Nationalist Government. . . .
>
> "These measures (announced as contemplated by Japan) not only constitute interference in China's domestic affairs, but also a flagrant violation of the principle of mutual respect for territorial sovereignty, a principle well established in international law. Such measures the Nationalist Government can never recognize. It is the earnest hope of the Nationalist Government that the Japanese Government, for the maintenance of the permanent friendship of the two countries, will avoid actions that would impair the development of amicable relations.

Nanking Cancellation of Sino-Japanese Treaty of 1896

Moreover, the action of the Japanese Government in preventing the compromise agreement between Mukden and Nanking is closely related to the action of the Nationalist Government in giving notice to Japan on July 19, 1928 of the abrogation by China of the Sino-Japanese treaty of commerce and navigation of 1896. Japan's reply to that note of the Nationalist Government, delivered on July 31, contested the right of Nanking to abrogate unilaterally a treaty which, under Article 26 of the treaty, could "neither be abrogated nor terminated without special mutual consent." The Japanese Government branded the summary action of Dr. C. T. Wang, foreign minister for Nanking, as an "outrageous act, disregarding good faith between the nations" and declared that if that action of Nanking was to be but a prelude to similar action with respect to other outstanding treaty obligations then Japan reserved the right to "take such measures as they deem suitable for safeguarding their rights and interests assured by the treaties." [4] The bearing of this controversy over treaty revision and abrogation on Sino-Japanese interests in Manchuria is evident. The Japanese Government have since taken the position that to permit China to cancel unilaterally a treaty which is the basis of important Japanese rights in China, among them extraterritorility, would constitute a dangerous precedent with regard to Japanese rights in Manchuria under the treaties with China. They have in mind not only the host of railway agreements entered into between Japan and the former Peking Government, but the most fundamental of all the treaties bearing on Manchuria, those bearing on the leases for the South Manchuria Railway and the Kwantung Leased Territory extended in 1915.

The Status Quo in Manchuria

The situation as it presents itself to an observer in October, 1928, is much as follows. The Japanese Government has asserted the right to protect her interests in Manchuria against what Japan considers to be an imminent danger of plunging Manchuria into the civil strife that has prevailed in other parts of China. To do this Japan has taken a position which clearly prevents Manchuria from becoming united with the rest of China under the Nationalist Government. The Mukden Government, even more than that of the late Marshal Chang Tso-lin, is made directly subservient to the wishes of Japan with regard to Manchuria. General Chang Hsueh-liang "has his hands tied" by Japan. In return he is protected from invasion of his fief by the Nationalists—his recent enemies who now include the "Young General" nominally within a committee of the Nanking Government! The Nanking Government, while retreating somewhat from the strong position taken by their foreign minister in the matter of abrogation of the Sino-Japanese commercial treaty, have given no indication of compromising with regard to Manchuria to safegard Japan's asserted rights and interests there. Nanking freely asserts that Japan has virtually assumed a protectorate over Manchuria, a statement which is vigorously denied by Japan.

Sino-Japanese Interests in Manchuria

The contemporary events in Sino-Japanese relations bearing on Manchuria, and which have just been considered in some detail, were not fortuitous occurrences nor yet inspired by simple swashbuckling. The interests of China in Manchuria, territory which legally is as much a part of China as is the

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[1] See Dr. Harold S. Quigley's "Chinese Nationalists Occupy Peking," in *Current History*, July 1928.

[2] *Trans-Pacific* (Tokyo), September 15, 1928, p. 15; also The *New York Times*, August 14, 1918; The *Far Eastern Review* (Shanghai), August, 1918.

[3] *Current History*, July, 1918, p. 702.

[4] The *Boston Transcript*, August 9, 1928; The *New York Times*, August 16, 29, 1928; see Dr. Harold S. Quigley, "Dangerous Issues Between China and Japan," in *Current History*, October, 1928.

Government International Radio Service

Notice is hereby given that this Administration has now been instructed by the Ministry of Communications to handle international testing radiograms for general public correspondence, the service of which will commence on 15th January, 1929.

All radiograms destined to the following places will be accepted at our SHANGHAI RADIOGRAMS TRAFFIC OFFICE, 30 AVENUE EDWARD VII, TEL. NO. 62377:—

EUROPE: ALL COUNTRIES, GREENLAND, ICELAND, TURKEY in ASIA,
AFRICA: MOROCCO,
NORTH-AMERICA: U.S.A., MEXICO,
CENTRAL-AMERICA: ALL COUNTRIES,
SOUTH-AMERICA: ALL COUNTRIES,
WEST INDIES.

TESTING RADIOGRAMS TARIFF.

TO	Ordinary	Deferred
EUROPE	Mex. $	Mex. $
All Countries	1.50	.75
Azores	1.75	.90
Canary-Islands, Faros-Islands,	1.60	.80
Greenland	1.85	.95
Iceland	1.65	.80
Svalbard (Spitzbergen)	1.65	.85
Turkey in Asia	1.70	.85
AFRICA		
Morocco 1) Spanish Zone via Tanger	1.60	.80
Morocco 1) Spanish Zone via Spain	1.55	.80
Morocco 2) all other offices	1.60	.80
NORTH-AMERICA		
California: Alameda, Berkeley, Oakland, S. Francisco	1.80	.90
California: Other stations	1.95	.95
New Jersey: Hoboken, Jerseycity, Unioncity	1.95	1.00
New Jersey: Other stations	2.05	1.05
New York: Newyork City and all stations within the tariff of Newyork City	1.95	1.00
New York: Other Stations	2.05	1.05
Arizona, Idaho, Nevada, Oregon, Utah, Washington State	1.95	.95
Connecticut, Maine, Massachusetts, New Brunswick, New Foundland, New Hampshire, Nova Scotia, Ontario, Prince Edward Isl., Quebec, Rhode Isl., St. Pierre and Miquelon Vermont	1.95	1.00
Colorado, Dakota: North and South, Kansas, Montana, Nebraska, Vancouver Isl., Wyoming New-Mexico	2.00	1.00
Alabama, Arkansas Columbia Distr., Delaware, Illinois, Indiana, Iowa, Kentucky Labrador, Louisiana, Manitoba Maryland, Michigan, Minnesota, Mississippi, Missouri, Ohio, Oklahoma, Pennsylvania Tennessee, Texas, Wisconsin	2.05	1.05
Alberta, Carolina: North and South, Georgia, Saskatchewan, Virginia, West Virginia	2.10	1.05
Columbia: British: 1. Zone	2.00	1.00
Columbia: British: 2. Zone	2.10	1.05
Columbia: British: 3. Zone	2.10	1.05
Columbia: British: 4-9 Zone	2.20	1.10
Florida	2.15	1.10
Mexico	2.35	1.20
Alaska	2.45	1.25
Yukon	2.65	1.35

TO	Ordinary	Deferred
NORTH-AMERICA	Mex. $	Mex. $
Bahama Islands	2.65	1.35
Bermuda Islands	2.85	1.45
Turks Island	3.00	1.50
CENTRAL AMERICA		
Costarica, Salvador	3.00	1.50
Guatemala: S. Jose de Guatemala	2.90	1.45
Guatemala: Other Places	3.00	1.50
Honduras: British (Belize)	2.55	1.30
Honduras: Republic of	3.00	1.50
Nicaragua: S. Jose del Sur	2.90	1.45
Nicaragua: Other Stations	3.00	1.50
Panama: Almirante, Boccas de Torre	3.50	1.75
Panama: Ancon, Balboa, Colon, Cristabol, Panama	2.95	1.50
Panama: Other Places	3.00	1.50
SOUTH AMERICA		
Argentine, Chili, Paraguay, Bolivia,	3.10	1.55
Ecuador	2.95	1.50
Uruguay	3.30	1.65
Venezuela	3.50	1.75
Brazil: Pernambuco	2.45	1.25
Brazil: Amazon Stations I Region	3.65	
Brazil: Amazon Stations II Region	4.30	
Brazil: Other Stations	3.00	1.50
Columbia: Buenaventura, Cartagena, Valle, Barranquilla	2.95	1.50
Columbia: Bogota	3.00	1.50
Columbia: Other Places	3.10	1.55
Falkland Isl: Port Stanley	3.70	1.85
Guayana: British: Georgetown	3.25	1.65
Guayana: French	5.10	
Guayana: Dutch	4.65	
Peru: El Encanto, Iquitos, Leticia, Masisea, Puerto Maldonado	3.50	1.75
Peru: Other Places	3.30	1.65
WEST INDIES		
Antigua, Trinidad	3.25	1.65
Barbadors	3.00	1.50
Cuba: Havana	2.25	1.15
Cuba: Other Places	2.35	1.20
Haiti: Port au Prince	3.15	1.60
Haiti: Other Places	3.25	1.65
Dominica: Republic: La Romana	3.35	1.70
Dominica: S. Domigo. Puerto Plata	3.15	1.60
Dominica: Other Places	3.20	1.60
St. Thomas	3.15	1.60

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province of Chihli, need but be mentioned to be impressive. Manchuria, to be sure, has always had a special relation to Peking even at times when the Peking Government sought to tighten the tenuous ties that bonnd the Three Eastern Provinces to the capital. Japan, on the other hand, is geographically in closer proximity to Manchuria than is most of China—a factor often overlooked. This geographical fact has given Japan certain advantages in commercial relations with Manchuria, more especially in competition with other powers, but has also brought home to the Japanese people the fact that Manchuria is contiguous to territory which is Japanese, namely Chosen, south of the Yalu river, which is the boundary. Moreover, while the Three Eastern Provinces have on more than one occasion during the past five years declared their complete independence of Peking politically, Japan has continued to hold territory actually in Manchuria, these being the Kwantung Leased Territory in South Manchuria and the zone of the South Manchuria Railway.

Japan's interests in Manchuria are today a highly intensified form of what they were in 1905 at the close of the Russo-Japanese war. Some of the sentimental attitudes with which Manchuria was then regarded by the Japanese following that crucial conflict may have subsided with the fading of the memories of military exploits and the disillusions produced by colonization fiascos, but for the persons who influence foreign policies in Japan Manchuria has gained, rather than declined, in importance, whether the criterion of their judgment be strategic or economic. In Manchuria and as referring to Japanese interests, the use of the terms "strategic," "political" or "economic" must be understood to be rather more convenient and suggestive than always accurate or exclusive. Nor is it possible readily to distinguish one from the other at times, as when a railway tapping virgin country with unquestioned economic wealth furnishes a ready transportation route for Japanese traders and at the same time is potentially a means of ready ingress for troops and equipment of war. The classification of Japanese "interests" in Manchuria must then be understood to be somewhat arbitrary.

Japanese Interests in Manchuria

Japan's interests differ both in character and degree from those of other powers. The frequency with which Japanese statesmen, when referring to their country's stake in Manchuria, recall the sacrifice of their soldiers on the Manchurian plains or at Port Arthur, and submit that fact amidst evidence to show why Manchuria should be regarded as having a special relation to Japan or why Japan has "special interests" in Manchuria, requires that any understanding of Japan's interests in Manchuria must take into account the sentiment interest. Manchuria may not have tamashii for the Japanese but it does have Charnel Shrine on 203 Metre Hill at Port Arthur. Observe with the Japanese, but not as a Japanese (as I have often done in Dairen) the scores of occasions through the seasons—when holidays commemorate those events of the war with Russia and the entire populace turns out to do homage at the Shinto shrines, and the impression left cannot be other than that Japan has a deep sentiment interest in Manchuria, particularly in the territory acquired from Russia. That the several shafts of the Fushun coal mines, like the avenues of Dairen, bear the names of Japanese heroes of the war with Russia is meaningful.

Strategically Manchuria means more to Japan than to any other power except to China herself. Much as Korea was regarded as Japan's "first line of defense" before 1905, so is Manchuria—the Kwantung Leased Territory in particular—regarded today.[1] Moreover, although the menace of a designing Russia may not be imminent for Japan today, most Japanese statesmen regard it as at least potential. Particularly does Japan watch with some anxiety the activities of Soviet Russians in Mongolia whose boundaries, through eastern inner Mongolia, merge into Manchuria. The strategic value of the Kwantung Leased Territory has been made more evident by the facility with which Japanese troops could be dispatched recently from their bases in Manchuria. Manchuria has long been regarded as Japan's "big buffer" and for a state that is relatively weak in raw materials this is no idle fancy.

Japan's Economic Interests in Manchuria

Japan's economic interests in Manchuria are in kind not greatly dissimilar to those of the United States in Latin America. In degree they differ widely for there is no country upon which the United States is economically as dependent as is Japan upon Manchuria. Whatever may be the truth of the assertion that Japan is "terribly overpopulated"—a subject on which opinions of economists differ—Manchuria presents little evidence that pressure of population has been such as to force emigration to foreign lands or even to territories within the empire but not yet saturated. For twenty years Japan has had an outlet for surplus population in Manchuria but has made use of it only to the extent that today there are approximately 200,000 Japanese in all Manchuria. The assertions of Japanese officials that Japan needs in Manchuria an outlet for her surplus population have been denied by responsible and well informed Japanese statesmen on the field. "Manchuria gives no opportunity for solving the surplus population problem," writes Baron K. Okra, a former member of the Board of Directors of the South Manchuria Railway.[1] Consequently, Japan's economic interests in Manchuria are not to be characterized in terms of an outlet for surplus population. Nor is Manchuria a region where Japanese agriculturalists can hope to settle and compete with the Chinese in such a way as to have any material effect on the food problem in Japan.

The economic interests of Japan in Manchuria are of a larger mold. The Japanese in Manchuria are not petty peddlers in the main, nor garden farmers. They are financiers, industrialists, commercial men with contacts which run through the intricate webwork of Japanese financial and industrial life in the homeland. They are in the field as buyers of raw materials, as merchants on a large scale as well as small shopkeepers, as carriers of commerce in shipping and railway transportation, as producers of minerals and products, as well as bankers. Except for the new interests in the Korean tenants on rice fields in Manchuria, Japanese nationals contribute practically nothing in the field of agricultural produce.

The relative poverty of Japan in essential raw materials of manufacture and of staple foods is generally recognized. Industrialization, which has already transformed Japan to such a degree as to make obsolete certain old standards of judgment based on a purely agricultural economy, both of production and consumption, has intensified the requirements of Japan for these necessaries which have been characterized as "the basis of national power." Japan is not a pauper in all of these; there are, for example, exceptional facilities for the development of hydromotive power in Japan. But in numerous essential raw materials, mineral, vegetable, and animal, Japan must look abroad for satisfaction of her requirements. That Japan looks to Manchuria and elsewhere in China for certain of these arises from the natural wealth of that region and the impossibility of obtaining them elsewhere. There is a growing recognition of the degree to which Manchuria has economically become a "source of life" for Japan, to use the phrase of a Russian writer.[2]

Of the raw materials which Japan obtains from Manchuria first on the list is bean cake, technically a by-product of the soya bean, but actually as produced today the principal product of export to Japan. Particularly since the Russo-Japanese war has soya bean cake been used in Japan as a fertilizer for the fields of rice paddy, so much so that the export has been diverted almost exclusively to Japan when once it went to other parts of China. Bean cake, first among the imports which Japan obtains from China, comes almost exclusively from Manchuria. Japan buys four-fifths of the total export. Of that which proceeds abroad through Dairen, the principal port of Manchuria, nine-tenths go to Japan. Of the bean cake shipped from Vladivostok almots the whole quantity goes to Japan. Soya beans are consumed in Japan as a staple food and as the raw product from which oils and by-products are manufactured. Two-thirds of all the beans exported from Dairen and one-third of those from Vladivostok go to Japan. Of the bean oil Japan imports but a small part; Germany in the recent past, before the erection of tariff barriers in Germany, consumed four-fifths of the Manchurian export. The Japanese manufacturers of bean oil in Dairen, however, are much concerned with the development of that export for sale in the United States as well as in Europe to supply the growing demand which the "wonderful soya bean" is creating for itself. But the United States by tariff barriers has closed the American market for Japan.

Two other essential vegetable materials, one a staple food both of great interest to Japan, are now being produced in small quantities in Manchuria. These are cotton and rice. Neither is yet a major export from Manchuria but their production is increasing, due in the case of cotton to Japanese encouragement of its growth, and in the case of rice to the fact that many of the Korean farmers in Kirin particularly are now growing rice, some of them even in the Siberian littoral. Of the raw cotton that is exported from Manchuria three-fourths goes to Japan. Of the rice almost all of it goes to Chosen or Japan proper. Millet and kaoliang (a kind of sorghum) are principal exports from Manchuria to Chosen, where they are staple foods. The discovery by the Japanese that rice can be grown profitably in Manchuria has created a new and peculiar

[1] Mr. Hiroshi Saito, Japanese consul general at New York, expressed this view at the Institute of Politics, Williamstown in August, 1928; see The *Boston Transcript*, August 22, 1928; The *Christian Science Monitor*, August 22, 1928; The *New York Times*, August 23, 1928. A similar view was expressed by Mr. M. Zumoto, editor of The *Herald of Asia*, at the Institute; see The *Boston Transcript*, August 10, 1928. See the *Report of the Conferences*, Institute of Politics, 1918, edited by Richard A. Newhall, Williamstown, Mass., 1928.

[1] The *Manchuria Daily News* (Dairen, Manchuria), October 18, 1926; also The *Peking Leader*, August 19, 1926.

[2] Mr. A. M. Nikolaieff in *Current History*, February, 1928.

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interest for Japan, one that is both economic and sentimental. Something of the importance of Manchurian agriculture to Japan can be inferred from the fact that in 1926 the value of the bean and bean products exported was over Haikwan Taels 200,000,000.

That Japan's mineral resources are insufficient to supply even her present industrial requirements is well known, and this in spite of considerable quantities of coal, copper, and other minerals mined in Japan proper. Japan has found in Manchuria what seems to many of the Japanese a second Ruhr. There, within convenient distance of each other are valuable reserves of both coal and iron, but particularly the former. The coal reserves of Manchuria are unquestionably immense. That the Japanese already control the most important coal mines of Manchuria, the Fushum Mines near Mukden, and that fifty million tons have already been mined from Fushum alone—nine million tons in 1927—points to one of the major reasons why Japan is deeply concerned with peace and order in Manchuria. The Fushum coal fields alone extend over 16,500 acres with veins varying in thickness from seventy to four hundred feet. The Japanese investment in these mines alone is estimated to be over one hundred million yen. Of the coal which is not consumed in Manchuria, or used for bunker coal at Dairen, much is exported from Dairen to Japan. About half of Japan's total import of coal from China comes from Manchuria.

The South Manchuria Railway Company, which operates the Fushun and other coal mines in South Manchuria, is also much interested in producing petroleum from the oil shales especially of Fushun. Huge sums have been invested in experimental processes, subsidized by the Government, for extracting the oil with the hope that here in Manchuria Japan may find a source of supply so necessary in wartime for that raw material in which Japan is so poor. So far success has been but partial. The consistent attention of the Japanese Navy Department to the project, however, and the recent discovery of a process for isolating the oil, emphasize the importance to Japan of this their "interest" at Fushun.

The annual pig-iron output of the Japanese-owned Anshan Iron and Steel Works has not yet reached 200,000 tons. The ore reserve seems to be large but is generally of such a poor quality that profitable production has taxed the inventive genius of the Japanese. Moreover, it is poor in manganese content. That the Japanese have invested nearly fifty million yen in the equipment of the mine and its producing plants points to the fact that here, too, is a consequential "interest" of Japan in Manchuria. For the development of those iron mines, as in the case of Fushun coal, the Japanese Diet has appropriated funds directly from the Government treasury. Much of the pig-iron export has been bought by the Edamitsu Government Steel Works in Japan.

From this rather detailed characterization of the reliance of Japan upon Manchuria as a source of raw materials—an analysis the absence of which takes rather much for granted—it is apparent that considerable quantities of just those products which Japan most sorely requires in her industrial life and program come from Manchuria. It does not follow, however, that Manchuria is the principal area in China from which Japan obtains *all* the raw materials of manufacture. As a matter of fact, other portions of China, in particular central China, from which Japan gets iron and cotton in addition to coal, are drawn on even more than Manchuria if the measure be the total value of the imports. Likewise with exports to China, for the purchasing power of Manchuria has not yet equaled that of either north or central China. Manchuria, however, may be relied on for reasonable definite quantities of these raw materials here characterized. The market is fairly stable in spite of local currency fluctuations and other interruptions to trade. Japanese supremacy in the Manchuria field is insured by their control of the South Manchuria Railway and subsidiary or branch lines, while their powerful financing and purchasing agencies give the Japanese priority in many lines. The result is that of the total foreign trade Japan in 1927 took nearly 60% of all Manchuria exported through Dairen, and supplied through the same port nearly 50% of all Manchuria imported. The intimate commercial relation of Japan to Manchuria may further be suggested by the fact that Japan in 1927 bought twice as much of Manchurian produce in the foreign trade of Dairen as all the rest of China, while Japan supplied to Manchuria about 20% more of the total imports than the rest of China. Neither the overland trade to China proper nor that of Vladivostok is sufficient to alter the rule. It is thus apparent that Japan is more intimately bound up economically with the commercial life of Manchuria, as concerned with foreign trade, than is China herself. Incidentally, the foreign trade through Dairen of all other powers combined does not equal that of China, much less approach that of Japan. This is less true of Vladivostok but the trade of Japan is clearly first.

Turning to investments as a criterion of "interests" it is even more eloquent that the Japanese stake in Manchuria is the largest, in fact larger than that of all other foreign powers combined. The totals of Japanese investments in Manchuria are not readily computed because obviously made difficult by the elasticity of certain of the figures and the different returns of agencies which have compiled their figures independently. Japanese investments include bank advances, principally in the form of loans for railway construction, investments in railways, real estate, mining, factories, industrial plants and properties, the major portion of which is directly or indirectly connected with the South Manchuria Railway Company, which is interested not alone in transportation but mining and manufacturing. There are, however, a thousand or more Japanese business firms operating in Manchuria with an estimated capital of over 500,000,000 yen.[1]

Japanese Investments in Manchuria

The total of Japanese investments in Manchuria is variously estimated to be from 500,000,000 to 1,335,000,000 gold yen. The former is obviously low and more nearly the capital investment exclusive of the bank advances, which are estimated to be by far the largest single item of Japanese investments in Manchuria. The latter is the figure given by a recent report of the Sino-Japanese Business Association. The estimate of the same association for 1927, accepted by a Chinese writer, places the total of Japanese investments in Manchuria at 1,237,000,000 gold yen.[2] Exclusive of the item of China's indebtedness to Japan under the so-called "Nishihara Loans," estimated to be approximately 7,000,000,000 gold yen with interest, Japanese investments in Manchuria today are clearly over 1,300,000,000 gold yen.[3] From a comparison of this with Japanese investments elsewhere in China, including Shanghai, Hankow, Tientsin and Tsingtao, it is evident that Japanese in Manchuria are larger by a considerable margin than their investments in all the rest of China put together. If $150,000,000 be accepted as the total of American investments in China (mission and commercial) it would seem that Japanese investments in Manchuria are about four times as great as the entire American investment in the whole of China. It goes without saying that Japanese investments in Manchuria surpass those of all other foreign powers and their nationals put together. As an "interest" of Japan in Manchuria these investments furnish a major reason why the Japanese Government demands "security," which they assume can only be had by self-reliance.

Japanese Railway Interests in Manchuria

No characterization of Japanese economic interests in Manchuria would be at all complete which did not at least call attention to the special position of Japan with regard to Manchurian railways. The South Manchuria Railway Company alone owns and operates approximately 700 miles of railways in Manchuria. These include the main line from Dairen to Changchun, the Antung-Mukden line, and the extensions of the first named to Yingkow (Newchwang) and Ryojun (Port Arthur). The South Manchuria Railway Company is capitalized at 440,000,000 yen divided in shares of 100 yen each, of which one half are owned by the Japanese Government. Neither the Chinese Government nor the Chinese people have participated in the purchase of any of the remaining shares although legally permitted so to do. That the South Manchuria Railway is a Japanese government institution, whose principal officials are responsible for their appointments to the Japanese Government, and whose policies are subject to control from Tokyo, is a fact which illustrates the intimate ralation of government and business in Japanese enterprises and interests in Manchuria as elsewhere.

Japanese capital has financed five feeder lines to the South Manchuria Railway with a total mileage of about 500, these the Kirin-Changchun line, the Kirin-Tunhua line, the Ssupingkai-Chengchiatun line (with the Paiyintalai extension), the Chengchiatun-Taonan line, and the Taonan-Angangchi (near Tsitsihar), line. Of these the first is almost completely under Japanese control though nominally a Chinese Government Railway. The Kirin-Tunhua line is considered an extension of the first but under special contract. The other lines are all nominally Chinese lines for the construction of which Japanese capital has been advanced in the form of loans secured on the lines themselves, the extent of Japanese control varying with the different lines, but being far less than in the case of the Kirin-Changchun line. The extent to which Japanese capital advances have been made to the former Peking Government in connection with concessions for railways in Manchuria is not

[1] The *Manchuria Daily News*, August 30 1927; The *China Year Book*, 1928, p. 1046 gives the same figures.

[2] The *China Year Book*, 1928, p. 1046; The *China Critic* (Shanghai) January 7, 1928.

[3] Contemporary figures given in: The *Manchuria Daily News*, May 24, 1927, July 26, 1927; The *Japan Advertiser* (Tokyo), August 7, 1927; The *Peking Leader*, August 24 1927; The *New York Times* August 28 1927, the latter quoted by Mr. Nikolaieff in *Current History*, February, 1928, p. 673.

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known outside of the chancellories concerned. That Japanese loans to the former Chinese Government and to the late Marshal Chang Tso-lin are large may be inferred from the fact that the so-called "Nishihara Loans" are estimated to total about $700,000,000 yen. These loans, following the Peking customs conference of 1925, were taken over by the Japanese Government, a bill for that purpose having passed the Diet on March 24, 1926. In consequence the Nishihara Loans have assumed the character of an obligation to the Japanese Government for which China is held responsible, although technically the Japanese banks remain the creditors. One part of the Nishihara Loans provided for an advance of 10,000,000 yen to tho Chinese Government (Peking) in consideration of the Japanese right to construct a railway from Kirin to the Japan Sea. The Kirin-Tunhua line is the first portion of this project which the Japanese seek to extend to Kainei (Huining) near the Chosen border, thus to furnish a new railway route from Chosen into Kirin province and toward Harbin. That this contract was subsequently taken over by the South Manchuria Railway Company, later repudiated, again reaffirmed by the Peking Government, and is now a subject of controversy, points to the vitality of the railway interests of Japan in Manchuria as a determnier of foreign policy.[1]

Contemporary Sino-Japanese Railway Issues

The outstanding Sino-Japanese issues concerned with Manchuria railway, asidefrom the perennial question of the ultimate future of the SouthManchuria Railway which Nanking regards as unsettled but which Japan has no intention of discussing at all, have taken form largely as the result of a revival by the Chinese of the post-republican urge to build their own railways in Manchuria without Japanese capital. Since 1925 the Chinese have undertaken to build three such lines in Manchuria: the Tahushan-Tungliao (Paiyintalai) line, the Mukden-Hailungch[illegible] line (projected to Kirin), and the Hulan-Hailun line. China's right to construct the first two of these has been contested by Japan in numerous protests both to Mukden and to Peking on the ground that both of these are included within the rights of construction granted to Japan in the so-called "Four Manchuria Railways Loan Agreement" of September 28, 1918.[2] In January, 1927, for example, Consul-General Yoshida of Mukden protested against the proposed continuation of the Mukden-Hailungcheng line to Kirin on the ground that such would constitute a "parallel" line to the South Manchuria Railway and as such would interfere with the Japanese monopoly of railways in South Manchuria. The right of Chinese to construct these lines independent of Japanese capital was contested by Japan in the protracted Sino-Japanese negotiations begun during early September, 1927, and conducted both in Mukden and Peking, latterly between Mr. Yoshizawa, Japanese minister, and Yang Yu-t'ing, then the late Marshal Chang Tso-lin's chief of staff.

During the early months of 1928 relations between Tokyo and Peking were strained over differences of view concerning the right of the Mukden-Hailungcheng railway to enter into a through traffic arrangement with the Peking-Mukden line. A question also arose of the right of the Taonan-Angangchi railway to transfer rolling stock to the Mukden-Hailungcheng line without the consent of the Japanese who financed the former. Out of the maze of detail that cannot be entirely clear without the minutes of the *in camera* conferences in Peking certain facts appear which show that the issues arose somewhat as follows: The South Manchuria Railway Company had entered into an agreement with the new Chinese Mukden-Hailungcheng railway to furnish certain rolling stock on the conditions that goods would be routed via the former to Dairen. A through traffic agreement was later made for this purpose. The Chinese, however, desirous of linking the new Chinese line with the Peking-Mukden Railway, a Chinese Government Railway, sought to make the Mukden-Hailungcheng line independent of Japanese influence by transferring rolling stock from the newly built Taonan-Angangchi Railway, the Chinese line financed by Japanese capital. The attempt to carry this through caused Minister Yoshizawa to present a protest to Chang Tso-lin's Government in Peking the latter part of March, 1928. Peking demurred and cancelled the through traffic agreement with the South Manchuria Railway on the ground that it had never been sanctioned by the Ministry ot Communications in Peking. The South Manchuria Railway, in turn, countered by refusing to permit a through traffic arrangement between the Mukden-Hailungcheng line and the Peking-Mukden line and prevented the linking of the two and the routing of goods across the South Manchuria Railway right of way in Mukden.[3]

These details may serve to illustrate the major role of railway rivalries in the international relations of China and Japan in Manchuria, as well as to counsel caution in the matter of passing judgment on issues which are highly confused. In general, the Chinese seek to overthrow the Japanese monopoly of communications from Kirin to the sea. Consequently they refuse to accept the Japanese interpretation of what constitutes a "parallel" line to the South Manchuria Railway—a subject on which there has long been controversy in Manchuria and with which other powers have been periodically concerned. The Japanese, on their part, stand on their asserted treaty rights. They look to the future both of the South Manchuria Railway and of their interests otherwise in Manchuria, relating the both to what they interpret to be the industrial needs of Japan in the near future. Some Japanese in Manchuria at least view the situation as does the Japanese editor of the Dairen English language daily: "It is as plain as a pikestaff that the Chinese game is to make a 'white elephant' out of the South Manchuria Railway."[4] To this the Chinese reply "And why not?"

Japan's Present Program in Manchuria

The present program of Japan in Manchuria, now being forwarded by the representations of the South Manchuria Railway authorities and the Japanese consul-general in Mukden, contemplates in addition to the railway objectives just characterized a settlement, directly with Mukden, and if possible with the Nanking Government, of a whole group of issues now outstanding. In the main they include an implementing of treaty rights nominally conceded in the Sino-Japanese treaties and exchanges of notes of 1915, and, secondarily, the acquisition of certain new rights claimed to be necessary to safeguard Japanese interests in Manchuria. They are essentially the same ends as the Japanese Government has sought to achieve in Manchuria for the past several years. They were urged upon the Mukden Government by Mr. Yoshida following the Japanese Oriental Conference in Tokyo in June and July, 1927; they were the ends sought in the much-heralded "positive policy" of Premier General Baron Tanaka; they were pressed upon Peking by Mr. Yoshizawa in his negotiations with Yang Yu-t'ing during 1927 and early 1928.

Summarily, the present Japanese program in Manchuria comprehends (1) the acquisition by Japan of the right to participate in the future financing of the Tahushan-Tungliao railway and the Mukden-Hailungcheng-Kirin railway; (2) a definite and comprehensive railway agreement to permit Japan to complete the Kirin-Kainei railway project to Chosen, now completed as far as Tunhua; (3) the sanction both by Mukden and Nanking of the opening of a Japanese branch consulate at Maoershan (Linkiang) in Linkianghsien on the Chinese side of the Yalu river in the Chientao district; (4) the removal of restrictions to the right of Japanese nationals—a right conceded legally in the agreements of 1915—to lease land outside the present restricted areas, and, in fact, impeded even within Mukden, for example; (5) the removal of impediments to Japapese trade in the form of exceptional and arbitrary taxation; and (6) the stabilization of Manchurian currency through some arrangement with Japanese banks, the plan now proposed being a Japanese loans to Mukden. All of these ends, in one form or another, have long been pursued by Japan and neither the so-called "positive policy" of Premier Tanaka nor the present program contains anything new in substance. The means of securing them has changed with changing conditions in Manchuria and Peking.

Japanese Policy in Manchuria

The broad lines of Japanese policy naturally have taken form from the character of their "interests" in Manchuria and are devised to accomplish ends which are the motivating forces behind the present concrete program just characterized. The Japanese Government have continually asserted that they have no intention of interfering in any way with internal politics in China or of impeding the success of any political group in the task of unifying China. Further, they have declared that they have no thought of presuming to dictate which Chinese group shall govern Manchuria provided that there be assurance that Japanese "interests," economic, political and otherwise, are not in consequence endangered. Baron Shidehara, while foreign minister in the Wakatsuki cabinet, speaking before the Japanese Diet on January 21, 1926, declared that Japan possesses "essential rights and interests both corporeal and incorporeal in Manchuria and Mongolia" the responsibility for the protection of which "properly rests upon China." The Manchurian policy of the Wakatsuki Government was in truth less aggressive than that of the present Tanaka Government as indicated by the contrast with recent declarations of

[1] For a study of "Railway Politics in Manchuria" by the writer, see The *China Weekly Review* (Shanghai), April 16 and 23, 1927. Also the writer's "Economic Bases for New Railways in Manchuria" The *Chinese Economic Journal*, Vol 1, No. 4, April, 1927.

[2] The *China Year Book*, 1928, p. 260; The *China Year Book*, 1919, p. 217 The *China Year Book*, 1921-22, p. 703.

[3] The *Manchuria Daily News*, April 2, 4, 5, 1928. gives a Japanese account.

[4] The *Manchuria Daily News*, April 4, 1924.

(Continued on page 349)

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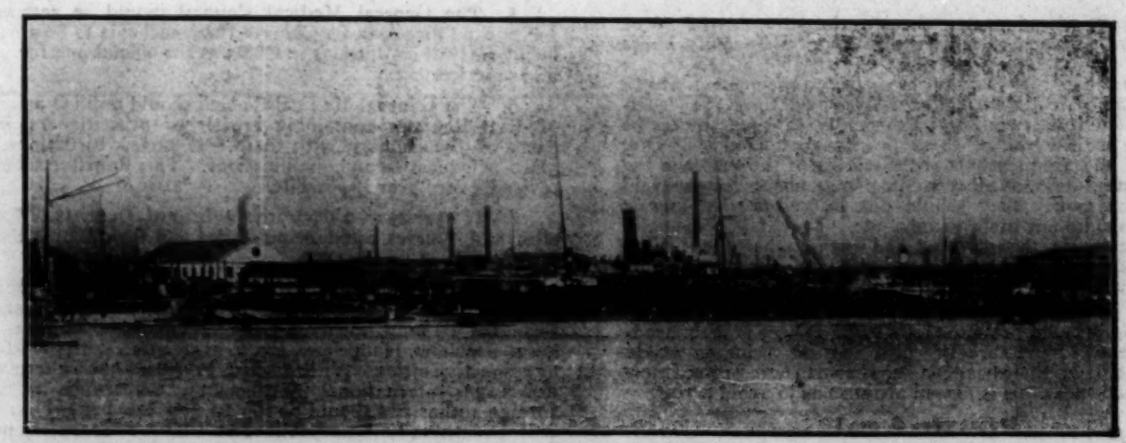

The "Hwa Hui" Gambling Evil

BY C. Y. W. MENG

WE should like to call the attention of the authorities of the Municipal Government of Greater Shanghai and also the authorities in the International Settlement and the French Concession to the fact that gambling—one of the worst social vices—is now going on very vigorously in Shanghai, entirely due to looseness in enforcing laws and the connivance of the authorities concerned. Shanghai, consisting of mostly pleasure-seekers, has become a center of all the evils of the Far East. Besides horse racing, which is held several times a year—which from both the Chinese law and the Chinese viewpoint is also a form of gambling—there are "greyhound clubs" which hold their racing several times a week. That gambling has the effect of demoralizing the people goes without saying. We often read in the Chinese newspapers of suicides, of bankruptcies, of young men, clerks in firms, misappropriating from their employers large sums of money in order to gamble and after finding that they have lost it all, end their lives by drowning themselves in the Whangpoo River. Despite the repeated and emphatic protests of the Chinese, foreigners, hiding themselves behind their extrality, open one greyhound court after another.

"Hwa Hui"

Recently, one form of Chinese gambling which has become very popular and flourishing among the Chinese populace is "Hwa Hui" (the flower club). The gambling is somewhat like this: There are altogether 36 doors; to each door there is some special name. When lots on these doors are drawn, only one of these doors is to be counted. Any gambler may put in any sum of money, coppers, dimes, dollars, etc. in any one of these doors. If when the lots on these doors are drawn, and if it happens that the door counted is the very one in which he placed his money he would have back twenty-nine times the sum which he put in before. But if he fails, it will mean an ultimate loss, Lots are drawn two times a day one in morning and the other in evening.

Generally, the gamblers are not willing to put their money only in one door, for that would be too risky, but put it in 18 or 20 doors, for thus they have better chances to win.

From the above brief description of this form of gambling, it will be seen that there is a great profit to the promoters, for in each race, they can at least get the other doors' money. Suppose the money put in at each door by all the gamblers is one dollar, then promoters aside from having only to pay the other twenty-nine dollars to the winner, can earn seven dollars in each game. In fact, we are informed that when the lots are drawn, the sum which accrues to the different gamblers is about $100,000. Just imagine what the profit is to the promoters!

Such gambling is participated in by all people ranging from rich people to the poorest risha coolies, for a man may put in a hundred dollars or he may put in one copper. As the Chinese New Year is coming when the people have to clear their accounts, more people are sure to come to gamble, hoping to win something to clear their accounts; thus the profit is sure to become bigger.

"Its Headquarters Is in the International Settlement"

They have a headquarter where the lots are drawn every day. They have many branches throughout Shanghai. Those who want to gamble need not take the trouble to go to the headquarter, but just hand in the money to the nearest branch or agency, all of which enrich themselves by getting the "commissions" from the winners. Practically in every street or alley, there are several of these branches or agencies. One can easily and frequently hear the talking of the people in the streets, homes, shops, or other public places, about "Hwa Hui" —how much money they should put in, and in what door or doors they should put their money, etc. They talk especially enthusiastically in the morning and evening, because it is the time when the counted door is announced, and also it is the time when the money is to be put in.

These promoters know only too well that this form of gambling is strictly prohibited by law. Where is their headquarter, one asks? We are informed that in order to evade the Chinese law, their headquarter is somewhere in the International Settlement. It is moved about so as to avoid arrest.

Detectives Bribed

But as stated above, "Hwa Hui" has become very popular in Chinese circles. Everywhere, at any time, one can hear the people talking about "Hwa Hui." Why do not the authorities in both the Chinese territories and the International Settlement and the French Concession take steps to seal up the headquarter or to make some arrests? In the Chinese territories, we have not seen any proclamation informing the Chinese of the fact that "Hwa Hui" is strictly prohibited by law. In the International Settlement or French Concession, why can the detectives not find out the headquarter, and seal it? It is foolish to say that the Chinese authorities are ignorant of the fact, and it is equally foolish for the authorities in the International Settlement and the French Concession to say that they are unable to find out the headquarter, as "Hwa Hui" has now become a public gambling institution, participated in by all classes of people in Shanghai and is well known to everybody. Most people know where the headquarter is. How would the authorities explain this to us?

Inquiring into this subject, we are informed that the reason why "Hwa Hui" is allowed to go on smoothly is due to the fact that the mouths of the heads of the detective corps of the International Settlement and the French Concession are "blocked". Our informants told us that before these promoters could start the "Hwa Hui" an agreement with the heads of the detective corps promising to give them a certain portion of the sum from each game had already been reached. These detectives in turn promised not to raid their headquarter. Then, these heads will distribute this sum of money to all their subordinates. This explains why their headquarter is preserved, and this explains why "Hwa Hui" though prohibited by law, is allowed.

It is not necessary for us to say any more about this gambling in Shanghai, as the authorities know all about it. The promoters of such gambling are surely encouraged by the fact that the foreigners in Shanghai could start the greyhound clubs which is also a form of gambling, so there is no reason why they should not start a business of the same nature. That the authorities in the International Settlement and the French Concession have not yet taken any step to suppress "Hwa Hui" is due to the fact that as they themselves are committed to gambling, such as permitting the opening of the greyhound clubs, they are not in a position to stop the activities of the same nature engaged in by Chinese. That a man who is wrong himself can not correct the wrong of others is self evident. We now appeal to the public—as the authorities rather encourage gambling! Let us start some movement to suppress this evil!

Shanghai, Jan. 10, 1929.

A MINISTRY OF HEALTH IN CHINA

(*Continued from page 322*)

3. Medical education and practice could best be handled by a General Medical Council, officially appointed by the Ministry. This can be named (衛生行政委員會), whose members should be recruited from the leading medical schools and institutions and serve in rotation for three years. The decisions of this Body should without hesitation be accepted by the Ministry.

4. This General Medical Council should be in touch with the progress of medicine in other parts of the world and modify or amplify the curriculum of studies from time to time.

5. The General Medical Council should be responsible for the publication of a Chinese Pharmacoepia to be accepted by all medical institutions in China as the official one for study and practice.

6. The General Medical Council should publish an official Medical Register containing *registered* practitioners in all parts of the country with their full names, birthplace, age, place of education and qualifications. This Register should be revised every year if possible.

7. If necessary, a separate Register of Dentists, Pharmacists and Nurses could be published and separate regulations introduced.

We would recommend that the Government start registration forthwith at the big centers of medical learning, such as Shanghai, Peiping, Tientsin, Canton, Hankow, Changsha, Nanking, Soochow, Hangchow, etc. in association with the Mayors of respective cities. With regard to Shanghai (where there exists an International Settlement), cooperation with the foreign authorities should be sought, for the benefit accruing will be mutually beneficial. The Chinese Commissioner of Health of Greater Shanghai and the British Commissioner of Health of the Foreign Municipality could well put their heads together and by proper medical registration abolish many of the abuses so prevalent even in the model settlement.

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Military Conference "Accepts in Principle" Soong's Budget Proposals

(The following is a complete report of the proposal of Mr. T. V. Soong, National Finance Minister, which was submitted to the National Military Conference at Nanking on Jan. 11, and, according to report of the official Kuo Min News Agency, was adopted "in principle." Immediately following the adption of Mr. Soong's proposed military-budget, the Conference appointed a committee composed of the leading military and civilian officials for the purpose of working out a practical plan of troop disbandment which would bring the military expenditures within the limits of Mr. Soong's proposed budget for 1929).

"The principal objects of the Military Reorganization and Disbandment Conference are to set limits to military expenditure, and to arrange for the disbandment of surplus troops. The problems involved in attaining these objects are numerous and complicated, with direct bearing on national finances. The effective strength of the nation's military arm will have to be considered by the Conference, but so must we also give due consideration to the existing financial condition of the country. It is for this reason that a brief sketch of the nation's finances is hereby presented.

"Let it be said at the outset that it is impossible to furnish accurate and detailed financial statistics for the entire country for reasons that are well known to the Conference. We may, however, make use of some general figures, which can be accepted as a basis for our discussion and may be considered as in the main correct.

"According to such records as we possess, the total national revenue for the 5th Year of the Republic was $295,000,000. The total revenue for the 14th Year of the Republic was placed by the Financial Reorganization Commission of that year at 345,000,000; while the estimated revenue receipts for the 18th year (1929) stand at $457,000,000 (See Table I). The various national taxes which have lately been classed as provincial revenues, amounting to over 112 millions annually, have been omitted from these estimates.

"Of the three figures enumerated above, that estimated for the 18th year, of course, is of chief concern for the Conference. Manfestly the figure should not be taken as final or definite. With the nation's finances still disorganized, and, out of the twenty-two provinces and the special districts, there being only four provinces—Kiangsu, Chekiang, Anhwei, and Kiangsi—that furnish figures which are fairly complete or reliable, it becomes almost impossible to attempt to arrive at more than a fair estimation. Many of the provinces do not furnish any reports at all, and those that do, supply data which is either incomplete or of little use. Working under these difficulties, it is only possible for the Ministry to give approximations, basing its figures on whatever available information that exists, and forming a conclusion thereon. The estimates, therefore, that are given in the Table of Revenue Receipts (Table II), should not be taken as wholly accurate, although they are to the best of our knowledge fairly reliable.

"According to Table II, the gross deficit for 1929 will not be less than $50,000,000, while it is proposed that the military expenditure should be limited to $192,000,000. But to this must be added the following qualifications:

Little Extra Customs Revenue

(1) With the newly promulgated Customs Tariff going into effect, an increase in Customs receipts may naturally be expected. However, in recent months, there has been considerable dumping on the part of importers in anticipation of the higher tariff. This is evident in the abnormal increases of high grade imports in the last few months as compared with corresponding periods during past years. Hence, when the new Tariff goes into effect in February, the amount of heavier taxed imports will be decreased, and a material increase in customs revenue can hardly be expected, Of course, this will be only a temporary phenomenon, and in time the expected increase will appear, but for the year under consideration the possibility of an increase from customs revenue must be discounted.

(2) The estimated revenue from Likin, prior to its abolition, is placed at $76.000,000. With its imminent abolition and before other suitable tax measures can be effective, there will be a considerable falling off in the Revenne Estimates.

(3) Redemption of National Loans. The figure of $155,000,000 as given in Table II, refers to the sinking fund charges of all secured foreign and internal loans. Defaulted loans are not included, and any scheme at meeting their bondholders call for large additional outlays.

(4) The figure estimated for Administrative Expenses is $95,000,000. Of this amount, a considerable portion is associated with the collection of revenue by financial agencies, the administrative expenses of which are deducted directly from revenues collected by such institutions as the Customs Administration, the Salt Administration and the Likin Offices, before they reach the Ministry (See Table IV).

"The Economic and Financial Conferences held last June, consisting of leading bankers, industrialists, businessmen and financial experts, placed the limits for the annual Military Expenses at $192,000,000, calculated on the assumption that 50 Army Divisions will be maintained and with allowances for the Navy, Air Forces, Military Academies, Arsenals, central Military administrative expenses, and a military reserve fund of $12,000,000. This allotment of $192,000,000 is equivalent to 41% of the total estimated revenue of $457,000,000 (See Table VI), or 36% of the gross expenditures. If, however, from the Revenue estimates are deducted such necessary expenses as the sinking fund charges for loans and expenses of tax collections, which are first charges on revenue, the proportion occupied by Military Expenses will be raised to 78% of the *Net* Revenue!

"Complete unification of national revenue is a *sine qua non* for the establishment of a military budget, indeed for anything which we associate with order, system and deliberate planning. The reason is obvious, for once definite sums have been fixed for military expenditures, the Ministry of Finance could not, in any event, fail to make up the sums, but if obstacles are placed in the way of efficient tax collections, it will not be possible to meet such allotments, and the deficit will become insupportable. In suggesting the sum of 192 millions for military expenditure, it was realized at the Economic Conference held last year that although that sum is out of all proportion to the total revenue receipts, and will cause a large deficit; yet it would hardly be practical to disband surplus troops or heavily curtail military expenses all at once. Thus, the delegates were compelled to suggest a temporary solution to secure, on the one hand, the sympathetic support of our military men, and, on the other, to prevent the utter collapse of government finances. It is further to be considered that the figures for party and administrative expenses are based on past records; and that there is no allowance for the expenditure of the five newly established Yuans of the Government and their subsidiary organizations, since the estimates for these have not been approved by the Budget Committee. Our estimate for such expenses is $12,000,000 annually, which will further increase the deficit.

Depleted Taxable Resources

It is often said that tax rates in China are not as high as those levied in foreign countries. By raising such rates, therefore, it is argued, the national revenue will be correspondingly increased. Unfortuately, this cannot be applied to present-day China. For many years this country has witnessed incessant warfare accompanied by droughts famines and other catastrophes, and it will be difficult to justfy any substantial increase in tax rates. Rather, the essential thing now in national finances lies in the reorganization of existing taxes, and the centralization of financial control. Such proposed taxes as Income Tax and Inheritance Tax even if put into effect at once cannot be expected to yield fruit for many years to come.

"What has so far been proposed in this Memorandum presupposes that financial unification will be achieved. If we are to face existing conditions we find that facts are quite otherwise and there is chaos in national finances. There is today little if any improvement from conditions existing during the period of warfare. Thus, the national revenues from such provinces as Hunan, Hupeh, Kwangtung, Kwangsi, Shensi, Kansu, Honan, Shansi, and Suiyuan,—not to mention those from the Three Eastern Provinces, Szechuan, Yunnan, and Kweichow, are entirely appropriated by the localities mentioned. In the provinces of Hopei, Shantung, and Fukien, the revenue officials are at least commissioned by the Central Government, but in other provinces they are appointed by local and military authorities and most of them fail even to render accounts.

Only Four Provinces Contribute

"At present the Central Government derives its revenues from only four provinces, namely: Kiangsu, Chekiang, Anhwei, and Kiangsi. The receipts of Kiangsi are hardly sufficient to meet its military expenditures, while that of Anhwei is in a like position. The chief source of revenue of

the Central Government is thus practically confined to Kiangsu and Chekiang. And although these two provinces are regarded as very prosperous, owing to military conflicts during the past two years and the establishment of the Central Government with its multifarious organs in their midst, the drain on them has been altogether too great. In order to meet the urgent administrative and military expenditures the main sources of revenue, such as the 2½% Surtax, the Tobacco Tax, the Stamp Tax, etc., have been pledged for the service of various loans. With the success of the Northern Expedition in mid-Summer, it was hoped that speedy readjustment would be made and the burdens lightened. But for various reasons, these matters have been postponed until today, when the National Military Reorganization and Disbandment Conference is in session.

"During the past six months, not only was it impossible to reduce the military expenditures to any appreciable extent, but administrative expenditures have been ever increasing. With only the limited revenues of the four provinces, and without assistance from other sections, the Central Government during the last six months was severely tried by the difficulty of making both ends meet. Hence it has resorted to further loans and bond issues, secured on the Petroleum Tax, Wheat and Flour Tax, and the increased Salt Tax. So it comes that of the total receipts of the Government for the half year from June to November 1928, 45% comes from such loans and bond flotations, while only 55% were from revenues.

"How long can the Government maintain this hand-to-mouth policy? It is time that the finances of the country be centralized and reorganized, or otherwise only bankruptcy can result. The hope of borrowing from abroad for current expenditures must, at least for the immediate future, be regarded as illusory, as many of the overdue foreign loans have not been taken care of. Our banks and the public may continue to subscribe to Government loans but the available securities of the Government will soon come to an end, and the public have already absorbed securities too freely. The recent financial panic in the North is a warning sign, and although that was a direct heritage from the past and in no way due to the operations of the National Government, yet if we were to continue to depend on borrowing even the strongest banks will be faced by financial difficulties, and the future of all Chinese financial institutions will be placed in great jeopardy.

"The trials of national finances are indeed great, and the various sections that are not under the direct control of the Ministry of Finance are faced by similar if not greater difficulties. Something must be done, otherwise there will be no hope for maintaining even the present highly unsatisfactory situation, not to say of reconstruction or educational improvements.

National Financal Burdens

"I am sure the members of the Conference have fully realized the seriousness of the situation and will do their utmost to remedy it. Two basic steps must be taken:

(1) the military expenditure must be strictly limited, and

(2) the national finance must be centralized and reorganized.

I have already indicated to what extent we could safely allow military expenditures to go, and as regard the unification of the national finances, there are three essential points:

(1) The Ministry of Finance must have complete control over the administration of national revenues, and must not be interfered with in any way by the military authorities.

(2) The Ministry of Finance must have full power to appoint and dismiss financial officials. In appointing the various officials, only the best and most qualified men will be selected; sectionalism and prejudice will not be tolerated. If the authorities of the different provinces at any time voice dissatisfaction over any of the officials appointed by the Central Government as being incompetent or dishonest, their obvious recourse is to draw the attention of the government and the grievance could be settled by due process of law.

(3) The different civil authorities in the provinces must not interfere with any proceeds of the national taxes or levy surtaxes thereon so that the Government can freely collect or dispose of the national funds according to the best advantage.

"Assuming now that national finances could be unified and reorganized, there are still tremendous difficulties before the Ministry of Finance, although these are transient. The deficit of 60 million dollars in the budget estimates has to be reckoned with. Further funds will have to be raised for the disbandment of troops over and above the current military expenditures. At the same time, the Ministry will be immediately faced

(Continued on page 340)

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Chinese Revenue in Relation to Military Expenditure

TABLE I

Year	Salt	Customs	Likin	Wine & Tobacco	Stamp	Miscellaneous	Total	Comparison in percentage
1916	$ 84,771,000	72,346,000	75,314,000	27,843,000	5,671,000	29,950,000	$295,895,000	100%
1925	98,859,000	120,365,000	51,348,000	40,730,000	5,864,000	28,567,000	345,753,000	116%
1929	116,570,000	192,350,000	76,280,000	47,040,000	12,930,000	12,570,000	457,740,000	154%

Appendix to Table I

ORIGINALLY CLASSED AS NATIONAL REVENUE AND NOW CLASSED AS PROVINCIAL REVENUE IN ACCORDANCE WITH DR. SUN'S POLICY

Land Tax	90,081,000
Deeds Tax	14,787,000
Special Business Tax	2,521,000
Pawn Shop Tax	732,000
Animal Tax	638,000
Butcher Tax	3,623,000
Boat Tax	49,000
	$112,431,000

TABLE II

ROUGH ESTIMATES OF NATIONAL REVENUE AND EXPENDITURE FOR 1928

RECEIPTS		EXPENDITURE	
	116,570,000	Party Expenses	4,800,000
Salt Tax	192,330,000	Civil Expenses	95,429,000
Customs Duties	76,280,000	Military Expenses	192,000,000
Likin	47,040,000	Local Withdrawals	41,430,000
Wine & Tobacco Tax	12,930,000	Loan Service	155,790,000
Stamp Tax	12,570,000	Miscellaneous	18,430,000
Miscellaneous			
	457,740,000		$507,870,000
Deficit	50,130,000		
	$507,870,000		

National Revenue retained and likely to continue to be retained by the Provincial Government of Yunnan, Kweichow, Szechuan, Sinkiang, etc.

NOTE:

Expenses for the five Yuans, estimated at $12,000,000, a year, have not been included in the above, inasmuch as they have not been passed by the Budget Committee.

TABLE III

NET MONTHLY NATIONAL REVENUE ACCORDING TO PROVINCES AS ESTIMATED BY DELEGATES TO THE FINANCIAL CONFERENCE HELD IN NANKING, July 1, 1928

	(Unit $)
Kwangtung) Kwangsi)	5,000,000
Hunan) Hupeh)	4,000,000
Kiangsu) Chekiang) ..... Anhwei)	5,000,000
Kiangsi.....	1,000,000
Fukien	500,000
Shantung	1,000,000
Honan	400,000
Hopei	2,500,000
Shensi	300,000
Shansi	600,000
Total	$20,300,000

Estimates submitted by:

Hsueh Tuh-pi	(II Army Group)
Pei Chi-kun	(IV Army Group)
T. V. Soong	Chairman
Chang Shou-yung	Vice-Minister of Finance
Ho Ying-ching	(I Army Group)
Li Hung-wen	(III Army Group)
Hsiung Bin	Chief of Military Accounts
Liu Chi-wen	Quartermaster General

NOTE:

If the special taxes and gambling revenues of Kwangtung are deducted from the above figures, the receipts will be reduced by three millions.

TABLE IV

EXPENSES OF THE VARIOUS FINANCIAL ADMINISTRATIONS

		(Unit $)
1. Maritime Customs	18,598,190	
Native Customs	2,688,478	
Surtax Bureaux	1,582,212	22,868,870
2. Salt Administration		17,299,471
3. Likin Administration		9,000,000
4. Expenses of Organs under the direct control of the Ministry of Finance		
A. Expenses of Chekiang, Kiangsu and Anhwei (Salt & Customs Administrations excluded)		5,765,000
B. Expenses of the Ministry of Finance		1,742,148
		$56,675,489

TABLE V

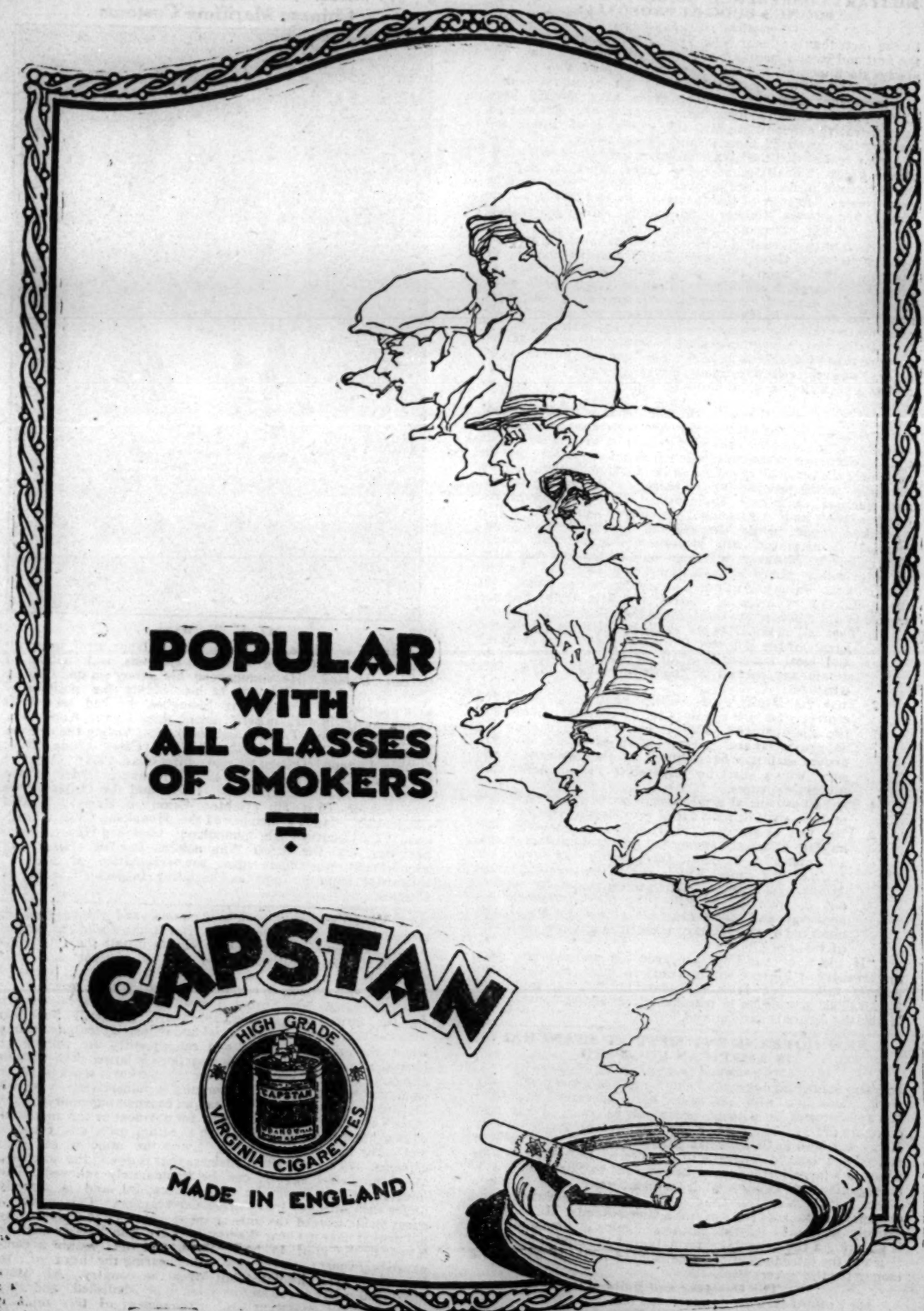
GRAPHIC REPRESENTATION OF ARMY EXPENDITURES IN PROPORTION TO GROSS EXPENDITURES

China.....36%
Japan..... 9%
England... 5%
America... 8%
France 14%

TABLE VI

ARMY EXPENDITURE OF THE LEADING COUNTRIES

Original Currency	In Chinese Currency	% of National Total Expenditure	Monthly Expenditure Chinese Currency
China M$186,000,000	186,000,000	36 %	15,500,000
Japan Y173,614,000	173,614,000	9 %	14,467,000
England £ 41,565,000	415,650,000	5 %	34,637,000
U. S. $285,000,000	570,000,000	8 %	47,500,000
France fr6,030,566,000	482,445,000	14 %	40,203,000



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MILITARY CONFERENCE "ACCEPTS IN PRINCIPLE" SOONG'S BUDGET PROPOSALS

(*Continued from page 337*)

by the facts that the lunar New Year is approaching and that the first and second months, according to the old calendar, are always slack months, and the collections in those two months normally amount to only the receipts of an ordinary month. Moreover, the important national taxes have already been pledged as securities for loans, not to mention the increase of administrative expenditures and the necessity of funds for meeting the unsecured domestic and foreign loans.

"We realize that the higher military commands will experience great difficulty in reducing their expenses, but the government's burden in tiding over the coming year will be even greater. In spite of that, however, we feel that if a free hand is given to the Ministry in all matters related to finance, we can and will overcome all obstacles.

"With financial control unified and reorganized, the present tax system can be effectively improved so that the burden of taxation will fall upon the people more equitably than at present. Smuggling and other evils can be easily dealt with, the collecting offices more efficiently administered, with very gratifying increase in revenue. That this is not mere theorizing we can take the example of Kwangtung, which under the Nationalist Government, increased its receipts from $20,000,000 to more than $100,000,000 in 1926. The one and only secret of success was real, effective, unquestioned unification of finances and as a prescription on a national scale it will be just as potent.

"We are certain that after the unification of finance, it will not be difficult for the national revenue to increase by one-third in a year's time, and the estimated deficits of fifty million will thus be overcome in the next year. It is quite possible that in two years the national revenue can be doubled, without undue hardship to the people. The Treasury will then be strong, and general confidence augmented. With such conditions, constructive and educational measures can be really embarked upon, while the general industrial and commercial development will increase by leaps and bouds. But prospects, however alluring, could be realized only after an intervening period of privations and sacrifice. As the future of our Party and of our Country depends so much upon the unification of financial control, the Ministry of Finance wishes to place before the Conference the following proposals:

1. That all national taxes shall be collected only by the agents of the Ministry of Finance; and the military and local authorities shall be strictly forbidden to detain any portion, or impose surtaxes on any pretext whatever.
2. That the Ministry of Finance shall have undivided control over the appointment of financial officers, and the administrative policy.
3. That provincial and railway subsidies to the different armies shall now be remitted to the National Treasury, which shall be responsible for payment of all military expenses.
4. That all provincial gendarmerie or peace preservation soldiery shall be paid out of provincial revenues.
5. That this Conference shall definitely apportion the military allowance among the different military units, and prescribe in detail the procedure of payment to each of the units, which should be followed by the Ministry of Finance. When this plan is fully worked out it shall be submitted to the Government for approval and promulgation as law to be strictly observed by the Military authorities and the Ministry of Finance.

"If the five conditions are accepted and put into effect, the Ministry of Finance will be ready to meet regularly and without fail at due dates the annual military expenditure of $192,000,000 in addition to reasonable Disbandment Expenses. If not, the future is dark indeed."

NEW GOVERNMENT MINT AT SHANGHAI IS AMERICAN-EQUIPPED

(*Continued from page 320*)

and also managing director of the Wing On department store, is a business man, who has never been interested in politics. His appointment is without precedent, as most of the mint directors in China one time or another have been officials. Mr. Kwok was born in Chung Shan District, Kwangtung Province, in 1868 and went to Australia at the age of 15. After having amassed a large fortune there, he returned to Shanghai in 1917 to organize the Wing On department store. He is also a director of the Nanyang Tobacco Factory and the National and Commercial Bank at Ningpo and Kiangsi Roads. Mr. Kwok is warmly welcomed by the business circles in Shanghai. He is planning a fundamental reformation of the mint administration and the introduction of more modern methods of coining money for the government.

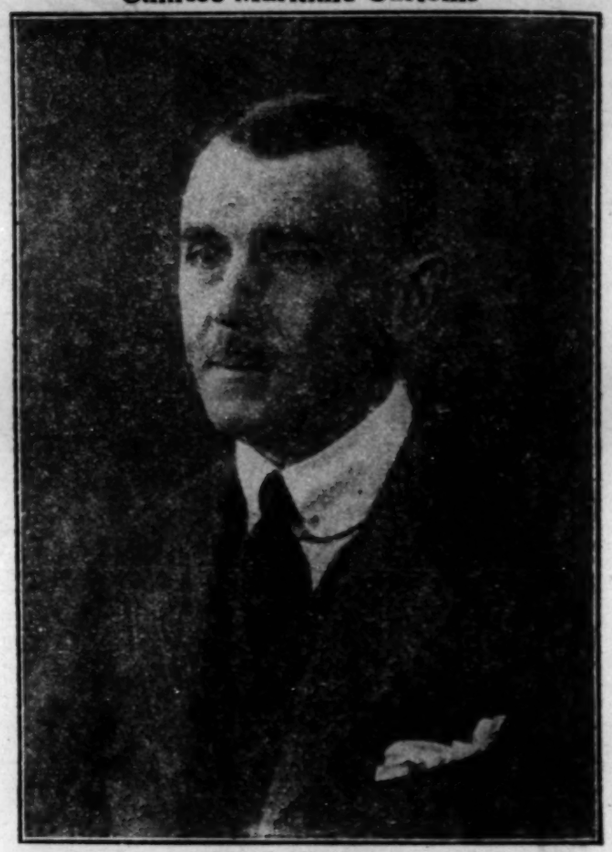
The Designer and Builder

Mr Clifford Hewitt, designer and builder of the Philadelphia Mint, is also the designer and builder of the Central Mint. When the mint was organised in 1921 Mr. Hewitt was appointed chief advisor, and hence came to China in the same year and stayed till 1925. Due to the delay in opening the mint, Mr. Hewitt went back to America, and returned again last December. For 28 years Mr. Hewitt has worked in various American mints. Later he was sent to install the Philippine Mint in Manila, and it was there that his efficient work first attracted the attention of the Chinese government. He is 59 years old, and expects to remain in China for some years.

The reasons why Shanghai was chosen as the ideal location for the largest mint in China are many. Obviously, Shanghai is by far that greatest commercial and industrial center in China where the volume of trade and consequently the volume of money required for business transactions is larger than that in any other city in China. Whenever the market is short of silver coins, the whole business community is immediately affected. During certain seasons of the year, an enormous amount of silver dollars is sent into the interior for payment of the purchases of many staple commodities, such as cotton, rice, silk cocoons, and other important products. Since the mint is of such capacity, any stringency in business that is due to the shortness of silver dollar supply, can be immediately relieved. The mint is located near the national capital, and is directly under the control of the Central Government. This means a great stride toward the unification of currency in China. Any dollar that does not bear the profile of Dr. Sun Yat-sen shall be taken to the mint to be recoined, and thus within a comparatively short time, the new dollar bearing the head of Dr. Sun shall be circulated all over the country. All other provincial mints are sooner or later to be abolished, and thus the successful operation and management of this mint is looked upon as a matter of greatest importance not only from the technical point of view, but to the whole country as well.

Shanghai, January 12, 1929.

F. W. Maze, New Inspector General of the Chinese Maritime Customs



Mr. F. W. Maze

Mr. F. W. Maze, who was recently appointed Inspector General of the Chinese Maritime Customs, is a native of Belfast, Ireland. He commenced his career in the Chinese Customs in 1891. Previous to his holding the position of Commissioner of Customs at Shanghai, he had served as Commissioner in various ports, among them Ichang, Kongmoon, Tengyueh, Canton, Tientsin and Hankow. Among the degrees he holds are: Civil Rank of the Third Class, China, 1904; Double Dragon, Third Division, First Class 1908; Order of the Chia Ho, Second Class, 1919; Japanese Order of the Sacred Treasure, Third Class, 1920; and the Order of the Pao Kwang Chia Ho (Golden Grain in Gems), Second Class, 1923. He is a member of the Hongkong Club, (Hongkong); the Country Club, Shanghai; Thatched House, Royal Societies, and the Royal Automobile, London. His recent appointment was made upon the resignation of A. H. F. Edwardes from his post as Officiating Inspector-General of Customs.

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salt.

Remove the stems and any bits of seeds from the raisins. Beat the oil until the smoke just begins to appear at the surface. Drop in the raisins a few at a time and cook until they are plump. Remove from the oil and drain on unglazed paper. Transfer to a clean paper and sprinkle with table salt. These are appropriate for afternoon teas, as well as for use as an after dinner confection.

Sun-Maid Raisin Growers' Association

3 Canton Road, - - - - Shanghai.

Tientsin-Pukow Railway Rolling Stock

BY A RAILWAY MAN

In the Jauuary 9 to 12 issues of the *North China Daily News*, a series of articles was pu lished under the caption, "Opening up the Tientsin-Pukow Railway," in which reference was made to a party that went up to Tsinanfu by order of the Ministry of Railways to take possession of the Tsinpu rolling stock detained by the Japanese in the Shantung capital.

To all intents and purposes, the articles, in four lon parts, elicited much unfairness and one-sidedness by the writer, for, instead of facing the facts, they aimed to distort the Chinese side of the story. The reports on minor issu s were grossly exaggerated, and based upon preconceived prejudices; the main issues that actuated the despatch of the party were evaded or relegated to an insignificant place. In volume of space, the writer has taken a dozen of columns (about 12 feet) in attempting to depict the trip of a few days, in contrast with only a couple of columns (about 4 feet in length) devoted to the discussion of the real situation as it stands in Tsinan.

Whether it was Chinese or Japanese obstruction in preventing the party to go smoothly on to the Shantung capital, remains to be seen. And whether the correspondent volitionally or pretentiously ignored the things and "wild stories" he was supposed to have been told, is not very material. The treatment accorded to the party by the Japanese, interpreted to be friendly and complaisant, was one thing; their incessant efforts to prevent the railway authorities to resume through traffic on the Tientsin-Pukow Railway was another. It was certainly a great folly for Japan to blazon to the world the intrigues of the situation, which under the circumstances, must have been camouflaged.

The correspondent displayed unnecessary prejudice in distorting Chinese life, a striking example of which was the narrative describing Nanking as "a city of great confusion and considerable internal turmoil." Such cognate descriptions were galore; they could mean but one thing—unjust and unwarranted accusation.

The trip from Taianfu onward to Tsinan, we were told, was full of evidences of "Chinese attempts to make a mountain out of a mole hill," and "the desire for accidents" on our part. In spite of the so-called childish and imaginery Bogey man tales of Japanese opposition, it is still questionable who really was the culprit behind the scene.

We are not so much interested in the reports as to whether the party was induced to bring back news of Japanese aggression, as in the authentic situation of the rolling stock in Tsinanfu, which the said articles at last revealed, in an insignificant position! There are undoubtedly grounds, selfish and unsound in certain respects, which have been responsible for the insistent attitude of the Japanese in stiffening their grip on the detained rolling stock. But in view of the obligations which the Tientsin-Pukow Railway owes to bondholders all over the world, and the deplorable famine in the north, the Japanese authorities have no right to maintain their military domination in Shantung and obstruct the resumption of a through traffic service on the Tientsin-Pukow Railway. The Chinese boycott was rather a result, instead of a cause, of the persistent attitude of the Japanese towards the deadlock.

Nanking, Jauary 15, 1929.

NOTICE

The Public is hereby notified that the name of the National Bureau of Registration has been changed into that of the Bureau of Trade Marks and that its office has been removed to No. 1, See-Bar-Fu-Tong (西八府塘一號) of Nanking City.

By Order

Federal Council of Churches to Cooperate in China Famine Relief

The following Resolutions were adopted by the Federal Council of the Churches of Christ in America, in Quadrennial Session assembled at Rochester, New York, December 11, 1928:—

RESOLVED, That the Federal Council of the Churches of Christ in America, in Quadrennial Session assembled, notes with keen interest what seems to be the beginning of a new period in the life of China, in which the turmoil of civil war is being overcome by the peaceful procedures of law and order. We have observed with satisfaction the initiation of large programs of reform and reconstruction, for the speedy success of which we earnestly pray. We rejoice in the prompt recognition of China's new Government by the Government of the United States, in the steps that we being taken for the adjustment of relations and the revision of treaties to be more in keeping with the new life of that great nation, and in the establishment of such relations and agreements as shall promote the permanent welfare of her people and secure justice for all.

RESOLVED FURTHER, That the Federal Council of the Churches of Christ has learned with deep distress of the serious famine conditions that exist in several sections of that land. We request our Committee on Mercy and Relief to take such steps as it may deem most effective, in cooperation with China Famine Relief, for securing some adequate expression of American sympathy with the famine sufferers of China. We also earnestly urge the people of the United States, and especially all church members, to share generously of their abundance by contributions for the millions in China who face starvation before the coming spring.

Respectfully submitted,

(BISHOP) FRANCIS J. MCCONNELL
President.

(REV) CHARLES S. MACFARLAND
General Secretary.

Some Interesting Facts About the Recent U. S. Election

According to a tabulation made from reports in each of the United States, President-elect Herbert Hoover was favored by 21,058,569 American voters, and Gov. Alfred E. Smith by 14,988,313. Hoover's majority was 6,070,256. The electoral vote—one for each Senator and Representative in Congress—was 444 for Hoover and 87 for Smith. The popular vote exceeded by more than 10,000,000 any previous one.

On January 7, 1929, the members of the electoral congress met at their state capitals and cast their individual votes. Each Secretary of State then sent three copies of his returns to Washington—one by registered mail, one by ordinary mail, and one by messenger. On February 13, 1929, both houses of Congress will meet in joint session and canvas these votes, after which Hoover will be formally notified of his election of the presidency and Senator Charles Curtis of his choice as Vice-President, effective at noon on March 4, 1929.

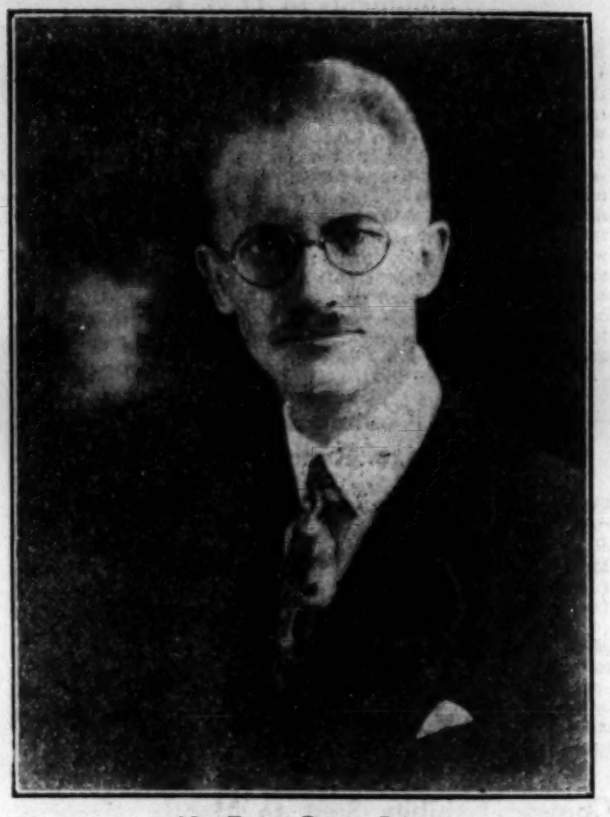
Hoover's majority in the electoral congress will be the largest ever secured except one, that being in 1820 when James Monroe defeated John Quincy Adams by 231 votes to 1.

While President-elect Hoover's electoral vote comes close to being the largest ever secured, he fell below his two predecessors in popular majorities because of the closeness of the votes in many states. In 1920, Harding secured 16,152,200 popular votes to 9,147,358 for Cox, or a majority of 7,004,892, and the electoral votes stood 404 for Hardiag to 127 for Cox. In 1924, President Coolidge had a majority of 7,338,513 over Davis, the vote standing 15,725,015 for Coolidge to 8,386,503 for Davis, and the eletcoral vote being 382 for Coolidge and 136 for Davis.

The Livelihood of Missionaries

Dwight W. Edwards of the Peking Y.M.C.A. recently read a paper before the Peking Missionary Association on the livelihood of missionaries, based on information gleaned among the missionaries as the result of questionnaires. Details of the lecture are given in a recent issue of the *Peking Leader*. The principal points investigated were educational standards, furloughs, vacations, summer residences, salaries, missionaries engaging in business, etc. The speaker stated that so far as investigation went, no missionaries were engaged in the sale of curios, embroideries or in any business enterprise for personal profit, but it was a fact that various missions are engaged in industrial work which requires the sale of products, and the proceeds of same are being used for philanthropic work.

Appointed Consul at Nanking



Mr. Ernest Batson Price

Mr. Ernest Batson Price, who has just been appointed to the important post of American Consul at Nanking, has had a long career in the American Consular and Diplomatic Service in the Far East. Mr. Price was born of American parents at Henzada, Burma, India, Oct. 13, 1890, his home being at Rochester, N. Y. He received his education at Wayland Academy, Wisconsin, and at the University of Rochester, receiving the A. B. degree at the latter institution. After graduation from college, Mr. Price taught school for a time in North Dakota, following which he served as a census enumerator. On April 14, 1914 he received an appointment as Student Interpreter and served at the American Legation at Peiping and as Vice-Consul at Tientsin. On March 2, 1928 he was appointed Chinese Secretary to the Legation and in 1919 was appointed Vice-Consul in Peiping. In 1920 he served as Vice-Consul in Foochow and Canton and in 1921 was appointed Consul of "class six" and assigned to Foochow. In February, 1925 Mr. Price was Foreign Service Officer of Class six. Prior to his appointment to the Consular post at Nanking, Mr. Price served as Consul at Tsinan, the capital of Shantung Province. Mr. Price is married, his wife and two children being in Peiping, but will come to Nanking as soon as a new heating plant has been installed and other improvements have been made in the Consular building in that city.

Minister of Railway Forcing Young Chang's Hands

A *Ta Chung* News Agency telegram during the week stated that Sun Fo, Minister of Railways, is forcing the hands of "Young Chang" of Manchuria. In a recent telegram, to the son of Chang Tso-lin, the Minister of Railways, after praising the formers's wisdom in desiring the resumption of normal railway communication on the Peiping-Mukden Railway by returning the detained rolling stock (but was frustrated in his plan by the late Yang Yu-ting whom he recently shot to death, as stated in Chang's circular telegram of the 13th inst.) expressed the hope that with this obstacle removed from his way, the rolling stock belonging to the various railway administrations heretofore detained by the Fengtien military authorities at Mukden, would be returned immediately so as to facilitate the resumption of normal communications in the country.

Chinese official circles are stated to be anxiously waiting to see what result Minister Sun's telegram may bring.

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In New York: The Equitable Trust Company of New York, The Chase National Bank of the City of New York.

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In Austria: Oesterreichische Credit Anstalt fur Handel und Gewerbe.

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Men and Events

The Community Church, Shanghai, announes that the eleven o'clock services will be broadcasted January 20, February 3 and 17.

Dr. C. H. Robertson repeated his lecture on the Phonofilm at the Foreign Y.M.C.A., Shanghai, Friday afternoon, January 18.

Leon Friedman, General Manager of China Motors, Ltd., who had been ill in the Country Hospital for three weeks, has recovered.

Robert Norman, former advisor to the late Dr. Sun Yat-sen, has arrived in Nanking from San Francisco and is a guest of Sun Fo, Ministry of Railways.

J. Hustan Edgar, Tibetan explorer, will deliver an address on "Some Aspects of Tibet and Tibetans" at the Shanghai Foreign Y. M. C. A. January 22 at 5.30 p.m.

The current issue of *Meifoo Shield* contains an interesting article on "The Nam Giao Holocaust (Annam)'. by H. J. Chevallier. Sixteen photographs give a graphic idea of the event.

C. P. Holcomb, of the law firm of Fessenden and Holcomb, returned to Shanghai during the week from a visit to the United States. Mr. Holcomb's home is in Wilmington, Delaware.

Eugene Brinton, a son of Mrs. Jennie B. McNair of Shanghai has returned from America where he recently was graduated from Lafayette College, Penn. Mrs. McNair and her son have departed on a trip to Shantung.

An official announcement was made by the Ministry of Public Health of Nanking January 12 that a five-day National Public Health Conference will open in that city February 25. Invitations to attend have heen sent to all provincial and city governments throughout the country.

A telegram from the Presbyterian Mission headquarters in New York reports the death from pneumonia of Mrs. A. J. Fisher. Dr. and Mrs. A. J. Fisher spent many years in missionary service in Canton. Dr. Fisher and his son Philip intend to return to China, sailing from the United States January 28.

Under the heading "Money Doctor Starts to Reform China Finances," a recent *Associated Press* despatch from Princeton New Jersey, stated: "Professor Edwin W. Kemmerer interationally famous as The Money Doctor, left for San Francisco to sail on Jan. 18 at the head of the American commission experts for China to reorganize the finances of that nation."

A recent Sianfu despatch states that the Sian-Tung-kwan motor road has been completed and will be opened for traffic with appropriate ceremonies by the provincial authorities of Shansi and Kansu. This new highway is approximately 120 miles in length and 67 feet in width. Along both sides of the road a ditch, 5 feet wide has been dug, to be used for planting trees.

The Chinese Recorder, a monthly publication published in Shanghai under the editorship of Frank W. Rawlinson to further the Christian movement in China, contains in the current issue an article by H. H. Kung, Minister of Industry, Commerce and Labor, on "How Does the Modernization of China Affect Christianity"? Other contributors are R. B. Whitaker, Chang Wen-kai, Jessie B Yaukey, Pascal M. D'Elia, S.J., and Archie T. L. Tsen.

England Will Require Chinese Eggs To Be Marked

As a result of agitation on the part of the National Farmers Union of England an Order of Council will shortly go into effect requiring all eggs imported into England from foreign countries to be marked with the country of origin. An idea of the enormous quantities of eggs being imported into England may be gained from the fact that a French ship last month arrived in English waters with a consignment of forty million eggs from China on board.

Sun Fo Asks for Appropriation to Finance Whampoa Harbor Scheme

To carry out the wishes of the Kuomintang Party's late leader, Dr. Sun Yat-sen, for the development of Whampoa harbor into a commercial port for Canton city, Sun Fo, Minister of Railways, in a recent memorandum to the Executive Yuan, proposed that a monthly sum of Mex $500,000 be appropriated from the National revenue collected in Kwangtung toward the construction expenses of the Whampoa scheme.

Consular Statistics Show November Shipments to U. S. A.

Statistics compiled by the U. S. Consulate General at Shanghai covering the export from the whole of China to the United States during the month of November last show that the total for the month was $9,179,708, and for the first eleven months of the year $121,723,918. Among the outstanding items were: Sheeps' wool to a value of $1,268,335, raw cotton $802,-160, bristles, $395,258, and wood oil, $536,848—although, as regards the last mentioned article, the shipments during the month were considerably below the average. During the eleven months ending November Chinese wood oil shipments amounted to more than twelve and a half million dollars. Shelled walnuts went forward during the month under review to a value of $178,220, considerably above the average. Furs showed up poorly. Prepared egg products, although totalling well on to half a million dollars, were below the average, the total for eleven months having been $8,034,985. All figures above are U. S. gold.

Ministry of Communications Establishes Foreign Radio Services

The Radio Administration of the Chinese Ministry of Communications established offices in Shanghai January 15 for radio communication with foreign countries. Radiograms to all countries in Europe, according to the published tariff, are Mex. $1.50 per word (ordinary) and $0.75 per word (deferred), and to North America the rate is from $1.80 (ordinary) and $2.90 (deferred) for California to $3.00 (ordinary) and $1.50 (deferred) for Turks Island. The Ministry of Communications besides having offices in Shanghai to receive radiograms for despatch abroad, has offices in practically all important cities throughout China. For places in the interior where there is no radio office, the Ministry has made connections with the established telegraph offices to handle radio messages.

Chinese Exhibits Sent to Manila Carnival

Forty-two cases of native-manufactured articles selected from the National Native Products Exhibition in Shanghai and from almost 200 factories throughout the country were dispatched to Manila during the week for exhibition at the Far Eastern Carnival. Dr. H. H. Kung Minister of Industry, Commerce and Labor, accompanied by Sung Yuen-yuan, promoter of the Domestic Industrial Bank, proceeded to Manila during the week as representatives of the National government.

Messrs. Kung and Sung will later make a trip to the Straits Settlements including Java and Singapore, for the purpose of encouraging overseas Chinese there to use goods, manufatcured in China.

Son of Tong Shao-yi Goes to Singapore as Consul General

Tong Lao, the newly appointed Chinese Consul-General at Singapore, departed from Shanghai for the south to take up his post, on the French steamer *Athos*, January 12. Mr. Tong is a son of Tong Shao-yi, one of China's foremost diplomats. He is a graduate of Fuh Tan University, Shanghai, class of 1921. Among the posts he has held were: Assistant to the Chinese Mininster in Washington, secretary to the Chinese Minister in London, secretary of the Ministry of Foreign Affairs, Consul-General at Bandoeng, Soerabaya, and at Osaka, Japan.

CUSTOMS NOTIFICATION NO. 1144

The public is hereby notified that under instructions received from the Inspector General of Customs the New Import Tariff will be applied to all goods arriving from abroad on and after 1st February, 1929.

W. R. Myers
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 15th January, 1929.

From the Chinese Press

(News items pertaining to Chinese politics and general affairs appearing under this heading, are taken chiefly from the daily reports of the Kuo Wen (independent) Kuo Min (Nanking official), Ta Chung (Kuominchun) and from translations of articles and dispatches appearing in the local Chinese press).

Thursday, January 10.—Reviewing Chinese treaty situation and economic rehabilitation. Dr. C. T. Wang in an interview states that tariff autonomy for China is no longer an aspiration, but a fact.—Judicial Yuan sends order to provincial courts to devise system of moral training for prisoners.—Chang Kai-shek orders careful investigation into record and accounts of Pao Shih-shieh, former special Opium Suppression Commissioner for Northern Anhwei.—New treaties with Germany, Great Britain, France, Holland, Sweden and Norway approved at 170th meeting of C. P. C.—Ministry of Finance issues order accepting resignation of A. H. F. Edwardes as Officiating Inspector-General of Customs and appointing F. W. Maze, Inspector-General of Customs.—Spokesman of State Council at Nanking states that newly organized Political Affairs Committee of Three Eastern Provinces is merely a temporary political organ.—Hupeh Provincial Commissioner makes planting of trees compulsory.—Feng Yu-hsiang in memorandum to Military Disbandment Conference proposes that all aviation affairs throughout country be placed under Aviation Department of Ministry of War.—Executive Yuan issues order prohibiting further ruthless killing of Kuomintang members by Mongol feudal princes on pretext that they are Communists.

Friday, January 11.—Ministry of Finance instructs five South-eastern provinces that likin must be abolished within six months.—Japanese military authorities at Tsingtao address ultimatum to Chinese magistrate demanding the dissolution of the police and the Civilian Volunteer Corps, and withdrawal of all Chinese troops from within a raidus of twenty li.—Ministry of Education announces Fine Arts Exhibition to open in Shanghai, March 20.—Shansi province announces comprehensive new highway building program, to cost $5,000,000.—Dr. Tsai Yuan-pei announces that there will be a delay in the inauguration of the Control Yuan owing to the difficulty of securing a qualified personnel.—Six successful candidates at recent civil service examinations to be sent to Chinese legations in Madrid, Lisbon, the Hague and Rome to study the languages of said countries.—Spokesman of North-eastern Political Affairs Committee states that one of the difficulties of troop disbandment in Manchuria is the difficulty of providing employment for 15,000 officers.—Standing Committee of C. P. C. holds 19th meeting.—Delegates from Heilungkiang call on Dr. C. T. Wang and give details of Japan's repeated attempts to encroach on China's territorial sovereignty there through railway construction.—Tai Chi-tao in interview at Nanking states that he was rather disappointed with what was being printed in newspapers nowadays.—Harbin to be elevated to status of Special Municipality.—Gen. Ho Hing-ching states at Nanking that those armies which had borne the brunt of the Kuomintang's campaign will probably not be disbanded but will be reorganized into the new National Army.—Tibetan delegation, four months on way, arrives at Nanking.—Wang Peh-chun in memorandum to Reorganization Conference asks that military should in future not be allowed to interfere with telegraph administration of the government.

Saturday, January 12.—At meeting of Military Reorganization Conference, T. V. Soong makes proposal that the utmost amount that should be expended on the national Army shall not exceed 41 per cent of the total revenue, (which he estimated as approximately $457,000,000, making sum available for military purposes, $192,000,000.—Forty-two cases of Chinese manufactured articles are shipped from Shanghai to Manila for exhibition purposes.—Sun Fo proposes that $500,000 be appropriated to carry out Sun Yat-sen's Whampoa scheme.—National Famine Relief Committee formally inaugurated at Ministry of Interior at Nanking.—State Council proposes to dismiss Yang Sen, Szechuen militarist.—Direct radio communication with Manila to be opened January 14 by Chinese Government.—Dr. H. H. Kung presents detailed scheme to Reorganization Conferenee for employment of disbanded soldiers.)

Sunday, January 13.—Chang Hsueh-liang telegraphs Nanking that he has notified Consular authorities at Mukden that all diplomatic matters must hereafter be taken up direct with National government.—Ministry of Finance formulates regulations governing registration of banks.—Canton-Shanghai Commercial Aviation Co. decides to sell shares for a million dollars.

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New Books of Interest in the Far East

Bernard Shaw's Guide to Socialism

The Intelligent Woman's Guide to Socialism and Capitalism. By Geo. Bernard Shaw. Brentano's, New York. 1928.

I am inclined to agree that so far as a clear presentation of the general Socialist argument is concerned, and a keen and sound analysis of capitalism which is quite understandable for the layman, we may accept the statement that other books on socialism may be scrapped in favor of this splendid volume by Bernard Shaw. It is his first serious economic study of any dimensions,—and will perhaps be his last. He has been working on it, he tells us, some seven years. Well, it is worth it.

There is nothing startlingly new in the book,—for persons acquainted with the socialist argument. I have read this argument in many forms since the day, twenty years ago, when I first read ellamy's "Looking Backward." And yet, even to me, Bernard Shaw's 500-page book came with the interest and freshness and vigor of Shaw's perenially youthful spirit, with the irresistible charm of Shaw's style, with the sparkle of his wit and satire everywhere, touched with the inevitable touch of tragedy at times which makes one feel that it is anything but a mere literary effort, and in fact leaves the impression that Shaw takes some very horrible aspects of our present economic life with insufficient earnestness. But this last impression tends to pass. Shaw is earnest without being bitter. It is extraordinarily difficult, one would think, but he apparently achieves it.

Remarks for the Ignorant

Even to me, as I say, this book comes as a splendid production. What it means for those persons who are absolutely ignorant of socialism and actually proud of their ignorance,—I can only imagine. There is no doubt that tens of thousands of persons will read this book simply on the basis of Shaw's reputation, or on the basis of the recommendation of the Book-of-the-Month Club (which made it their selection for July), or on the basis of its specific appeal to intelligent women. Of these persons, all who are intelligent—whether women or not—can hardly fail to be influenced in the direction Mr. Shaw desires, whether they accept in toto or not his solution.

So there is no wonder that many publications have found much difficulty in reviewing the book, and some, giving up in despair any attempt to reply logically. humanly, historically, or economico-scientifically to Shaw's argument, have turned to poetry (as did the "Observer") to express their horror and detestation of his subversive ideas. In poetry no logic, coherence, economic knowledge, or history are necessary, and the most utter nonsense may be made to sound convincing to the impressionable. And Shaw has dealt so completely and thoroughly with every possible argument worthy of consideration, that nothing is left except avoidance of the issue or the mouthing of ancient phrases which mean nothing to intelligent persons in the present economic situation of the world.

Economics Without Tears

As already indicated, Mr. Shaw's book is not only a presentation of Socialism, but an analysis of capitalism. It is, in fact, a fairly comprehensive course in economics and social science, with a bit of politics, psychology, ethics, and education thrown in,—but all with that tirelessly brilliant pungency characteristic of Shaw's writings. It is economics which keeps one awake instead of putting one to sleep,—economics without tears. And Shaw, I should add for the benefit of the ignor-amuses who imagine that Socialism rests upon some unique or outworn hypothesis such as the Marxian theory of value, takes his economics from Jevons and the other economic scientists who stand highest of all in this line of study. The patient reader can wade through Ely or almost any other respectable writer of economic textbooks for college consumption, and he will find nothing in their analysis contradicting Shaw. In fact, it would be a very advisable thing, after reading Shaw, to read Ely or some other conservative economics of today and find out the different conclusions reached after accepting exactly the same theory of value, of rent, of money, etc. I make this suggestion, of course, with an ulterior motive. After reading Shaw, the reader will discover that the others are presenting the same economic principles drily, wearily, tiresomely, and dully where Shaw has been brilliant, and are drawing the most absurd and disingenuous conclusions where Shaw has been ncontrovertibly and relentlessly logical as well as honest.

Socialism Means Equality

The economics are the strong point of the book. Socialism is after all an economic proposition. Shaw makes no bones about the matter and does not straddle the issue: Socialism stands for equality of income, so far as this can be achieved. And this can be achieved only by the socialization of the means of economic production,—by production for social use instead of for private profit. And Communism with regard to as many social needs and services as possible.

As to the part which the State will play in the transition to Socialism, as to the role of the trade unions, as to the precise form of the socialist economic organization to be created, there will be many who will differ with Bernard Shaw's conception. Also, some may doubt the complete accuracy of his remarkably fine and sane presentation of the population question. It is possible that his conclusion is correct that "there is no world population question, and the world is under the law of increasing return,... (but) there are innumerable spots in the world which are overpopulated and under the law of diminishing return." There is no doubt that China Proper is in the latter category, but there seems also no doubt that the population question in general, throughout Eastern and Southern Asia and Europe generally, is of such magnitude that it may be fairly considered a world problem, and a general shifting of popululion from the densest areas to the under-populated would relieve pressure very temporarily, and then it would become a problem of the most serious moment.

But these are issues aside from the essential aim of the book,—a layman's textbook of socialism and capitalism. And as regards the question of liberty, so passionately invoked both on behalf of and against socialism (as well as everything else), Bernard Shaw had best speak for himself:

> "When all is said, the people who shout for freedom without understanding its limitations, and call Socialism or any other advance in civilization slavery because it involves new laws as well as new liberties, are as obstructive to the extension of leisure and liberty as the more numerous victims of the Inhibition Complex who, if they could, would handcuff everybody rather than face the risk of having their noses punched by somebody."

HARRY PAXTON HOWARD.

Feng Yu-hsiang Denies Construction of War-Gas Plants in Shensi

Marshal Feng Yu-hsiang, Minister of War has denied a report which has recently been circulated in foreign circles in Shanghai alleging that Marshal Feng Yu-hsiang had purchased equipment from Germany for the construction of extensive plants for the manufacture of poison gas in Shensi Province. On Jan. 11, a foreign newspaper correspondent in Shanghai, who had heard the report, made inquiry of Marshal Feng's headquarters in Nanking regarding its accuracy. A representative of Marshal Feng declared that the report was false and apparently had been circulated for the purpose of creating dissention in the National Government. The original report alleged that Marshal Feng was secretly constructing a war-gas plant in Shensi in preparation for another internal war.

The *Ta Chung* news agency on Jan. 16 circulated a report of an interview with Marshal Feng in which he expressed hope that the forthcoming negotiations of Sino-Japanese questions with Mr. Yoshizawa, the Japanese Minister in Nanking would result in the early evacuation of Japanese troops from Shantung Province. Marshal Feng, as Minister of War stated the intentions of the Government of stationing the most trustworthy troops in Shantung for the purpose of guaranteeing safety for Japanese and other foreign lives and property and also said that the Government would prevent interference with the Shantung Railway in order to enable the railway to liquidate its debts to the Japanese.

Kuomintang Selects Tune for National Anthem

The Standing Committee of the Central Executive Committee at Nanking recently adopted a party song. The words were written by the late Dr. Sun Yat-sen and the music composed was by a professor of the Central University. Several compositions had been submitted, the selecton being made by a special committee including General Chiang Kai-shek, Chairman of the National Government; Hu Han-min, Chairman of the Legislative Yuan; Tai Chi-tao, Chairman of the Examination Yuan; Tsai Yuan-pei, Chairman of the Control Yuan; and Chiang Mon-lin, Minister of Education.

Why Some of the U. S. Marines Want to Come Back to China

Walla Walla, the weekly newspaper which the American Marines in China publish, in its issue for January 12, in noting the withdrawal of the Marine contingents on the *Henderson*, comments: "You hear talk from some of the 'homeside' draft that they're coming back. The lure of the Orient seems to have them; there are fine opportunities here, the climate is fine, the people are nice, etc. Usually these are the surface reasons, but down a little deeper in the region of the heart, there is some girl lingering that may be the attraction that draws back."

More Mob Action Against American Films in Shanghai; Again No Arrests

Mob action against American films in the International Settlement in Shanghai, action which the police are either incapable or disinclined to prevent, found a new manifestation on Wednesday, January 9, when a gang of Italian bluejackets forced their way into the projecting room of the Capitol Theater in Shanghai, seized a reel of the Fox film "Street Angel," and going outside burned it with great rejoicing. A police officer was hurriedly summoned by the manager of the cinema, but made no arrests. It is said that Mussolini several weeks ago disapproved of the picture, this being the reason for the sailors' action.

A protest was lodged with the Italian authorities by the owners of the theater. While only one reel of the picture was destroyed, this renders the balance of the picture valueless. The loss amounts to about $6,000 gold. To date no arrests have been reported.

Fascism in Shanghai

This action on the part of the sailors is typical of Fascism it is said, and such methods are common in Italy. It is the first time, however, that Italians have indulged in illegal violence and robbery in the supposed fulfilment of Mussolini's wishes here in Shanghai, apparently feeling themselves quite at home here.

While it is the first time that Italians have indulged in such action in this city, the example has already been set by mob action against other American pictures here. "The Volga Boatman," a Cecil De Mille production, was stopped by mob action on the part of French and White Russian rowdies, who attacked the orchestra with missiles of various kinds, and threw things at the screen also, creating a riot which obliged the managers of the theater to discontinue the picture,-at considerable personal loss. In this case Municipal police were present, but made no attempt to preserve order or arrest the rioters. The picture is now being shown in Chinese territory, where there is protection for cinema owners against rowdies.

Several months ago a United Artists picture, "Beau Geste," was interrupted by a gang of French rowdies. The story is a strong and frank picture of heroism in the French Foreign Legion. A legionary refers to an officer as a dog, which the rioters claimed was an insult to France. Following this mob action, a part of the film was cut.

Some American films have also been suppressed by the municipal censors in Shanghai. "Surrender", a Universal picture, is one of these. It was later shown in Chinese territory, the Kuomin Government finally taking it over as one of their pictures for free public exhibition. Suppressed in the International Settlement—shown under official auspices in Chinese territory. The suppression is supposed to have been due to its showing racial antagonisms in Europe.

Other Mob Actou

The action of the followers of Mussolini against "Street Angel," therefore, is in line with a policy taken by other privileged nationalists in the Settlement against American films of which they disapprove. As mentioned above, the first move of this kind was against "The Volga Boatman," a picture shown throughout the United States and in Europe, the objection to it here being that the hero is a Bolshevik and the heroine an aristocrat, that heroism is shown both on the side of revolutionaries and of the "Whites," that cruelty is also shown on both sides. That both sides should be fairly presented was a terrible thing to the White Russians and their friends in Shanghai, which accounts for their action. The White Russian police unquestionably sympathized with the rioters, just as they sympathized with the rioters who attacked a Consulate in Shanghai fourteen months ago, this attack culminating in two deaths after the police failed either to prevent the formation of the mob or to stop its murderous onslaught. Many police participated in the parade in honor of a rioter who was killed while attacking the Consulate.

The excuse of the Frenchmen who participated in the riot at "The Volga Boatman" was that the "Marseillaise" was being played, an air which "had never been connected with scenes of revolutionary terror and violence." (!) (This idiotic statement was actually made by a prominent French attorney in Shanghai in the *North-China Daily News*, the official British paper here.")

Chinese Are Learning

A very menacing element in the situation is that the Chinese authorities, following the reactionary example of the Settlement authorities, have themselves begun to censor films. "The Volga Boatman," though shown in Shanghai and in other places in Chinese territory, has been banned in Hankow. "Ben Hur," the big Paramount production, has been cut by the local authorities in Canton. The report in the "Hongkong Daily Press" from their Canton correspondent says that:

> In compliance with the order of the Canton Municipal Kuomintang the Bureau of Education has to-day told the proprietor of the Pearl Theatre on the Bund to cut out the "objectionable and superstitious" parts of the Paramount picture "Ben Hur."
>
> The order then goes on to describe what parts of the film are objectionable and must be cut. The following scenes are prescribed: The birth of Jesus Christ and the descending of the star; the resurrection of the dead child and the curing of the lepers by Christ; the total darkness of the firmament, the earthquake and other phenomenas during the crucifixion of Christ:
>
> The Bureau of Education states:—"These things are not only absurd and fictitious but also tend to beguile people to believe in superstition. Moving pictures such as 'Ben Hur' have a powerful effect on social education. They tend to undermine social progress and promote superstition. The whole picture is nothing but Christian propaganda, absurd in the extreme."

Such rare action as has been taken in Chinese territory against pictures, however is in accordance with law. There has been no report of rowdies being permitted to break up a cinema performance or destroy cinema property, as is taking place with increasing frequency and seriousness in the International Settlement in Shanghai.

The Case of the Steamer "Hsin Ping An"

One of the five steamers, belonging to the only company which has been keeping up direct communication between Shanghai and Vladivostock since the Chinese authorities expelled the Soviet officials and the Soviet Mercantile Fleet from Shanghai about a year ago, is being detained here by the Chinese military authorities. The steamer in question is the *Hsin Ping An*, Chinese-owned, with a registered tonnage of 1524, under charter to the Anglo-Danish Company. The steamer arrived here from Vladivostock Christmas Day having on board 166 bales of cotton tissues shipped by the Chinese Eastern Railway Co. to Chinese dealers in Shanghai. These cotton goods are of Russian manufacture and were sent to Shanghai by way of Vladivostock. The object of the promoters in establishing this new steamship service, (which in addition to the *Hsin Ping An*, operates the *Kwangfoo* and the *Kong Tai* under the Chinese flag, and the *Torgesen* and the *Livingston* under the Norwegian) and in which it is understood the Soviet Mercantile Fleet has a considerable interest, was to provide a means for Chinese shippers to communicate with North Manchuria, otherwise than through Dairen, which latter course means to place the business in Japanese hands. The ostensible reason given by the Chinese military authorities at Shanghai for detaining the ship is that it is suspected of bringing Communists to Shanghai, or in the alternative that it is bringing Japanese goods to Shanghai, but it is alleged in Chinese circles that what the militarists are looking for is a substantial contribution, in other words a "squeeze" as an inducement to induce them to release the ship. It is undoubtedly the fact that the Chinese military party by placing difficulties in the way of this enterprise are playing into the hands of the Japanese, who practically control the means of communication between here and North Manchuria. Shanghai Chinese merchants have in recent years been importing large quantities of Kaoliang (large millet) from North China and the charterers of the *Hsin Ping An* had been making efforts to develop this trade on an extensive scale. The detention of the vessel by the Chinese military authorities is causing heavy losses not only to the charterers but to the shippers as the cotton goods are being detained in a wet hold and are in danger of rotting.

The steamer was released by order of General Hsung Shih-hui, the Defense Commissioner, January 16.

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American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity	Sale Price Jan. 17	Approx. Yield to Maturity %
The National City Bank of New York	20	Stock	1380	1.45
Argentine Government	6	Oct. 1, 1960	100⅛	5.98
Australia	4½	May 1, 1956	88	5.34
U. S. of Brazil	6½	Oct. 15, 1957	95	6.90
Kingdom of Belgium	7	Nov. 1, 1956	106⅛	6.49
City of Budapest	6	June 1, 1962	83⅛	7.33
Canadian Pacific Railway	4	Perpetual Stk.	84¼	4.72
Chgo., Milw., St. Paul & Pacific Rwy.	5	Jan. 1, 2000	78¼	6.35
Chicago Rapid Transit Co.	6	July 1, 1953	91	6.76
Chile Copper Co. Debs.	5	Jan. 1, 1947	95	5.44
Chile Government (Railway)	6	Feb. 1, 1961	93⅛	6.46
Cuba Northern Railway.	5½	June 1, 1942	92¼	6.31
Republic of Costa Rica	7½	Sep. 1, 1949	102½	7.27
Chile Government	6	Sep. 1, 1961	94	6.44
Cuban Dominican Sugar Co.	7½	Nov. 1, 1944	97⅛	7.75
Kingdom of Denmark	6	Jan. 1, 1942	104¼	5.48
Dutch East Dadies	5½	Nov. 1, 1953	103½	5.25
Republic of Finland	5½	Feb. 1, 1958	92	6.09
French Government	7	Dec. 1, 1949	107¼	6.37
German Government	7	Oct. 15, 1949	107	6.39
German Central Bank for Agriculture	6	Oct. 15, 1960	87	7.03
German Central Bank for Agriculture	6	Apr. 15, 1938	90½	7.47
German General Electric Co.	6	May 1, 1948	93¾	6.57
Greek Government	6	Feb. 1, 1968	86	7.06
Ilseder Steel Corporation	7	Apr. 1, 1946	103(Bid)	6.71
Kingdom of Italy	7	Dec. 1, 1951	97¼	7.25
Japanese Government	6½	Feb. 1, 1954	101⅛	6.38
State of Minas Geraes (Brazil)	6	Mar. 1, 1958	93⅛	7.01
Mortgage Bank of Chile	6	Apr. 30, 1961	93	6.52
Netherland	6	Apr. 1, 1954	100⅛	5.96
Norwegian Hydro-Elec.-Nitro. Corp.	5½	Nov. 1, 1957	92	6.09
Kingdom of Norway	6	Oct. 15, 1952	103	5.77
Northern Ohio Power & Light Co.	6½	Jan. 1, 1941	99	6.62
Republic of Peru	6	Dec. 1, 1960	89⅞	6.81
Paris, Lyons & Med. Rwy.	6	Aug. 15, 1958	99⅜	6.02
Republic of Panama	5	May 15, 1963	95	5.32
State of Rio Grande Do Sul (Brazil)	6	June 1, 1968	91	6.65
Rhine Westphalia Elec. Power Corp.	6	Aug. 1, 1953	96	6.32
Saxon State Mortgage Inst.	6½	Dec. 1, 1946	95	6.99
Saxon Public Works, Inc.	6½	May 1, 1951	94⅞	6.95
Tokyo Electric Light Co.	6	Jun. 15, 1953	90	6.85
United Kingdom of Gr. Britain	5½	Feb. 1, 1937	104⅛	4.85
City of Vienna	6	Nov. 1, 1952	87½	7.09
Abitibi Power & Paper Co.	6	Cum. Pfd. Stock.	94⅞	6.35
BelgianNat'l.Rwy.Pcptg. Pfd. Stock	6	(American Shrs)	84½	7.10
Cannon Mills Co.		Common Stock	47¾	
General Mills, Inc.	6	Cum. Pfd. Stock.	99¼	6.03
General Mills, Inc.		Common Stock	84½	——
Hershey Chocolate Corp. Convertible	4	Pfd. Stock	83½	4.79
Mohawk Carpet Mills, Inc.		Common Stock	72	——
Pennsylvania-Dixie Cement Corp.	7	Cum. Pfd. Stock.	94	7.45
Victor Talking Maching Co.	7	Cum. Pfd. Stock.	114	6.14
Willys Overland Co.	7	Cum. Pfd. Stock	103	6.80
General Motors Corp. (New)		Common Stock	79	——
Andes Coper Mining Co.		Common Stock	48¾	
General Motors Corp. (Old)		Common Stock	197	——
United States Steel Corp.		Common Stock	166⅓	——
Standard Oil Co. of New Jersey		Common Stock	52	——
Standard Oil Co. of New York		Common Stock	44	——
Republic of Finland	6½%	Sep. 1, 1956	99	6.58
Oriental DevelopmentCo.	5½%	Nov. 1, 1958	90	6.24

NOTE: The above quotations are subject to confirmation by The National City Company, New York City.

Shanghai Exchange for Week Ending Wednesday, 16th January, 1929

Exchange:—Throughout the week under review, only slight fluctuations have to be recorded in the Silver Markets., the price of Bar Silver in London having declined ¼d for spot and 1/16d for forward, namely, to 26 5/16 d and 26⅛d respectively. The price in New York remains unchanged at 57¼ cents per oz. Advices indicate that buyers are inclined to hold off.

Stimulated by the drop in the Japanese cross-rates, probably due to the unsettled political situation, speculators recently have been disposed to sell Yens and the T/T rate on Japan dropped at one time to the low level of 71⅛. Other rates were, however, not so much affected and the Official T/T selling rate on London is unaltered at 2/7 1/16, while T/T on New York remains at 63 1/16. The volume of business passing in regard to imports and exports is reported to be very unimportant.

The tone of the local market is slightly easier, and at the close to-day the best rates obtainable for T/T near delivery were as follows., on London 2/7⅜., on New York 63 7/16., Yens 71 5/16

It will be noticed that our stocks of silver are approximately Taels 30,000,000,, greater than held at this time last year,

Our stocks of silver are reported as follows:—

Sycee and Bar Silver ..... Tls.66,525,000 an decrease of Tls. 2,311,000

Chinese and Mexican Dollars..... $ 100,800,000 an increase of $ 1,990,000

Estimated value Tls. 139.101,000 as against Tls. 108.787,000 held at this time last year.

	Average rates for Dec.	Thursday Jan. 10	Friday Jan. 11	Saturday Jan. 12	Monday Jan. 14	Tuesday Jan. 15	Wed., Jan. 16
Bank's selling rates		opening closing	opening closing	opening closing	opening closing	opening closing	opening closing
T/T London	2/7 125	2/7¼	2/7¼	2/7¼	2/7¼	2/7¼	2/7¼
D/Dfts ,,	—	2/7 5/16	2/7 5/16	2/7 5/16	2/7 5/16	2/7 5/16	2/7 5/16
4 m/s ,,	—	2/7½	2/7½	2/7½	2/7½	2/7½	2/7½
T/T India	171.926	172½	172½	172½	172½	172½	172½
T/T France	1,610.208	1615	1615	1615	1615	1615	1615
T/T N. Y.	62.916	63¼	63¼	63¼	63¼	63¼	63¼
T/T Demand		63⅜	63⅜	63⅜	63⅜	63⅜	63⅜
T/T Hamburg		265	265	265	265	265	265
T/T H'kong	78.755	79⅛	79	79⅛	79⅛	79⅛	79⅛
T/T Japan	72.984	72¼	72¼	72¼	72⅛	71⅞	72
T/T Batavia	156.229	157	157	157	157	157	157½
T/T Straits	90.125	89¾	89¾	89¾	89¾	89½	89¼
Bk's buying rates							
4 m/s B/L. Cred. D/A	2/9.125	2/9¼	2/9¼	2/9¼	2/9¼	2/9⅛	2/9⅛
4 m/s ,, D/P	—	2/9⅜	2/9⅜	2/9⅜	2/9⅜	2/9⅜	2/9⅜
6 m/s ,, B/L Cred D/A	2/9.417	2/9 5/16	2/9 5/16	2/9 5/16	2/9 5/16	2/9 5/16	2/9 5/16
4 m/s B/F Cred D/A or D/P	1,680.208	1685	1685	1685	1685	1685	1685
4 m/s N.Y.Lcs	66.161	66½	66½	66½	66½	66⅜	66⅜
4 m/s ,, Doc.	—	67	67	67	67	67	67

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling. Bullion.	Jan. 10	Jan. 11	Jan. 12	Jan. 14	Jan. 15	Jan. 16
*London Price of Bar Silver per oz. (English Standard 925 touch)...Pence	26⅜	26 7/16	26⅜	26 7/16	26 7/16	26 5/16
**New York Price of Bar Silver per oz. (Pure)	G. $.57⅜	G. $.57⅜	G. $.57¼	G.$ 57¼	G$ 57¼	G.$.57¼
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 973 touch)	Tls. 350.00	Tls. 352.00	Tls. 349.70	Tls. 348.70	Tls. 350.00	Tls. 351.00
Shanghai Silver Bars (weight Tls. 100 (C.) 999 touch)	110.00	110.00	110.00	110.00	110.00	110.00
Shanghai Mexican Dollars per $100.	71.8125	71.80	71.75	71.675	71.7625	71.7875
Native Bank Rate of Interest (Call money)	4%	3½%	3%	3%	2½%	2%
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						

Bank of England rate of discount	4½%	London Paris on	T/T 124.14
Bank of France rate of discount	3½%	New York on London	T/T 485
London open Market of Dis. 3 m/s	4⅝%	Bombay on London	T/T 1/6 1/16
,, 4 ,,	4⅝%	Hongkong on London	T/T 2/0⅛
,, 6 ,,	4⅝%	Kobe on London	T/T 1/10⅜

SINO-JAPANESE INTERESTS AND ISSUES IN MANCHURIA

(*Continued from page 332*)

Premier Tanaka of the statement of Baron Shidehara that the "assumption of that responsibility (to protect Japanese interests in Manchuria) by Japan without just cause would be manifestly inconsistent with the fundamental conception of the existing international relations, with the basic principle of the Washington treaties and with the repeated declaration of the Japanese Government."[1]

Japan's present policy with regard to Manchuria, as declared and as followed by the Tanaka Government, has been conspicuously a stronger policy than that of the Wakatsuki Government, though not differing materially in ends sought. As a principal basis for subsequent declarations of Premier Tanaka his statement of policy with regard to Manchuria which was given in detail to the Oriental Conference in Tokyo on July 7, 1927, is important.[2] Both the former and the present Manchurian policies of the Japanese Government are developed with somewhat the following logic: (1) Japan has fought two wars over Manchuria, a fact which has given that territory a "special relation" to Japan; (2) Japan has "special interests" in Manchuria which because of their unique character justify a stronger policy both with respect to Manchuria as compared to the rest of China, and in comparison with the policies of other powers not similarly situated; (3) Manchuria's proximity to Japan makes any disturbance there a menace more especially because of her "special interests" there; (4) the economic progress of Manchuria in the last few years is the direct result of Japan's insistence that no political disturbance or war be permitted there; (5) and finally, until such time as some government in China emerges which has proved its capacity to keep the peace in Manchuria as elsewhere, and which, additionally, has accepted the responsibility to respect Japan's treaty rights in Manchuria (as interpreted by Japan), no departure from the present policy can be contemplated.

That Japanese policy does not contemplate any extension of her present territorial possessions in Manchuria, or an assumption of a protectorate (as defined in international law) over the territory has been specifically asserted by the Tanaka Government, as well as by other Japanese spokesmen.[3] Baron G. Hayashi, Japan's special envoy to Mukden, characterized the former as unthinkable and the latter as a "costly and dangerous policy."[4] Baron Tanaka, while standing on Japan's right to preserve the peace in Manchuria, has recently intimated that Japan would not necessarily oppose an agreement between the Nanking and Mukden Governments provided Japan's rights and "interests" were not in consequence prejudiced.[5] What Japan might regard as sufficient assurance on this point from the Nationalist Government has not been stated clearly. It is evident, however, that the Japanese Government have small confidence in the ability of the present political regime in China to maintain peace and ordered government in the territory under their present nominal control, far less in Manchuria.[6] The present policy of the Japanese Government, of which the "advice" to General Chang Hsueh-liang in Mukden to desist from any arrangement by which Manchuria would be brought under Nationalist control is a touchstone, and which was prognosticated by the Japanese note to Nanking on May 18, 1928 (previously quoted herein), will not likely change until the regime in Nanking changes—or changes its policy with regard to treaty relations and to Manchuria. It is highly important that the position of the Tanaka Government has been strengthened in Japan by the action of Nanking in seeking to terminate unilaterally the Sino-Japanese treaty of 1896.

Chinese Interests in Manchuria

Manchuria, except for very small portions leased by Japan, is Chinese territory. As such it might seem to be superfluous to attempt to enlarge upon why the Nationalist Government of Nanking regards Chinese "interests" in Manchuria as paramount. The element of national sovereignty over a territory is in itself an "interest" however weak the political bonds which bind that territory to the nominal administrative capital or the sentiment ties that attach the territory to the people who reside beyond its borders but under the suzerainty of that same sovereign power. But as detailed attention has been given here to the "interests" of Japan in Manchuria—made necessary by the fact that the "interests" of a foreign country in a given territory are such that they require such attention—it would seem to be essential to call attention to those of China which are not necessarily evident in the mere statement of the fact that Manchuria is as much a part of China legally as is Chihli or Kiangsu.

Manchuria, in addition to being legally an integral part of China and so recognized both in the Washington treaties and in the Sino-Japanese treaties with respect to that territory, is a region which China can justifiably consider to be as much a "first line of defense" as can Japan. Manchuria has been an historic route of invasion into China proper, and the Chinese Government of Nanking can well regard the Three Eastern Provinces as a "buffer" against both Russia and Japan. The facility with which north China, even Peking, might be invaded from the north by any power in possesion of the railways already built in Manchuria must be obvious for any one who is familiar with the arrangements already devised to alter the coupler heights of rolling stock to be used for the purpose. Moreover, the "political interest" of the Nanking Government in Manchuria might be measured in the same manner as the "political interests" of Japan, that is, by the area and value, economically or for purposes of national revenue, of the territory over which Chinese jurisdiction now extends.

Nor is the "economic interests" of China in Manchuria minor when compared with that of Japan. It differs in kind rather than degree, which latter is immeasurable. Approximately ninety per cent of the population of Manchuria, now approximately 25,000,000, is Chinese. The present movement of Chinese immigrants into Manchuria from China proper, principally from Shantung province, and which during the last immigration year brought well over a million Chinese into the territory, indicates a certain "economic interest" which is directly associated with China's population problem. China as a whole may not be overpopulated, but there are certain sections which are, notably Shantung province. Manchuria is in fact an outlet for the surplus population of sections of China proper, as well as a haven of refuge for those who are fleeing from the combined evils of famine, extortion and terrorism which have for long prevailed in Shantung and elsewhere within the Wall. [1]

If the "economic interests" of China in Manchuria were to be measured by the role of China proper in the export and import trade of the territory, China's interests will appear to be secondary to those of Japan, for Japan both sells more to Manchuria and buys more than does China proper. The fact that Chinese economy is today in the main an agricultural economy or a local economy of production for home consumption, a condition which prevails both north and south of the Pass—and a fact often ill-considered by economists—precludes for the present either the purchase by China proper of the raw materials which Japanese economy requires or the sale of the products which are purchased in the Manchurian home market. Manchuria has long been regarded, nevertheless, as "the granary of China," but it has been a granary which may be drawn on periodically to satisfy extraordinary demands—unless famines be considered ordinary in China proper—or as a granary the taxation of which was a principal source of revenue for the Peking treasury. Such has been the recent relation of Manchuria to China proper and to Peking, with the qualification that China proper, in spite of her agricultural economy, is now clearly second place after Japan in the foreign trade, both import and export of Manchuria. However this may be it is

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[1] The writer does not agree with the statement that "Baron Shidehara's policy apparently made no distinction between Manchuria and the rest of China." Foreign Policy Association *Information Service*, Vol. III, No. 16, October 12, 1927, p. 227. Baron Shidehara drew attention to the "essential rights and interests, both corporeal and incorporeal, in the region of Manchuria and Mongolia" (quoted in the report just cited) and left the inference that *with just cause*, as interpreted by Japan, actual interference to protect those asserted rights in Manchuria might be contemplated.

[2] Reprinted in The Foreign Policy Association *Information Series* (New York), Vol. III, No. 16. p. 239ff; see K. K. Kawakami, writing in *Foreign Affairs* (New York), Vol. VI, No. 3, April, 1928, article entitled "Manchuria: The Crux of Chino-Japanese Relations." For comment on Premier Tanaka's address to the Diet, January 21, 1928, see The *Japan Chronicle* (Kobe), January 26, 1928.

[3] Statement of Premier Tanaka, The *New York Times*, August 14, 1928; statement of Mr. Y. Matsuoka, vice president of the South Manchuria Railway, "I wish to emphasize that neither I nor other responsible Japanese desires nor contemplates a Japanese protectorate over Manchuria." The *Boston Herald*, June 28, 1928 (Communication from Harbin from Henry F. Misselwitz). The *Trans-Pacific* (Tokyo), August 4, 1928.

[4] The *New York Times*, August 17, 1928.

[5] Such a statement was made by Mr. M. Zumoto at the Institute of Politics, 1928, and reported in The *Boston Transcript*, August 10, 1928; official statements to this effect are noted in The *New York Times*, July 28, 1928; August 14, 1928.

[6] Aside from the numerous declarations to this effect emanating directly from Tokyo, there is the interesting declaration of Baron Y. Fugimura, Japanese representative on the assembly of the League of Nations, made to Mr. Paul Scott Mowrer in Geneva: "I will say, however, that it is widely feared in Japan that China may not yet have succeeded in putting her house in order." The *Evening Star* (Washington), September 8, 1928.

[1] For studies of the Chinese migration and colonization movement to Manchuria see the writer's articles: "Manchuria, a New Homeland of the Chinese" in *Current History*, July, 1928; "Chinese Colonization in Manchuria" in The *Far Eastern Review* (Shanghai), June and July, 1928 (with map of the zones of settlement and illustrations); "Chinese Labor Migration to Manchuria" in The *Chinese Economic Journal* (Peking), July, 1927, being a report to the Chinese Government Bureau of Economic Information, with statistical tables.

well in passing judgment on China "economic interests" in Manchuria to reason that the "economic interests" of the United States in California are not to be measured by the trade of California with the other forty-seven states of the union.

Turning to "investment interests" in Manchuria the difficulty of adequately evaluating the Chinese position is equally obvious. China lacks capital. Parenthetically, so does Japan, but to a lesser degree. Yet one finds in Manchuria, even in the field of large scale production, an investment of strictly Chinese capital which is not insignificant, even though neither the Chinese nor others have sought to estimate the total. Obviously, that is impossible. The minor part of Chinese "investment interests" in Manchuria would be that which is to be found in Chinese industrial enterprises, especially in Mukden and Harbin, but also in coal and other mining and manufacturing enterprises throughout Manchuria.

China's Railway Interests

The major part aside from the "interests" in real estate, would be that which is to be found in China's ownership of the Peking-Mukden Railway, financed by British capital in part, and in the Chinese share in the Chinese Eastern Railway, the latter a line over a thousand miles in length, the cost of construction of which is estimated to have been 350,000,000 Russian roubles. The task of evaluating the Chinese share in the Chinese Eastern Railway, originally a joint Russo-Chinese enterprise for which the capital was furnished to Russia by French banks, though always a difficult one, has been made the more so by the series of Russo-Chinese agreements since 1920, and especially in 1924, by which the railway was to have been put on a strictly commercial basis and the revenues divided between China and Russia. The recent steps by which the Peking Government or Mukden successfully prevailed upon the Russian management of the Chinese Eastern Railway to turn over to Chinese authorities certain administrative functions, the railway's fleet on the Sungari, and a portion of the annual revenues hitherto deposited in Vladivostok, indicate that the Chinese are determined to reap the profits of their "interest" in the line. Up until recently the average gross earnings of the Chinese Eastern Railway were about 30,000,000 dollars annually, in the net profit balance of which China's share is not inconsiderable. [1]

China's railway interests in Manchuria also include her rights in all the Chinese Government Railways financed by Japan, such as the Taonan-Angangchi line, as well as the purely Chinese railways in which no foreign capital has been used, such as the Mukden-Hailungcheng line. Finally, whatever may be the attitude taken by Japan with regard to the ultimate future of the South Manchuria Railway system which Japan now holds under a ninety-nine year lease, the Chinese, including the Nanking Government, consider that railway system to be a major "interest" of China. For them it is not a settled question, however remote may be the time and the ability of China to recover the lines. The Chinese Government intend to urge recognition of this "interest" in the South Manchuria Railway as often as an opportunity presents itself for so doing. [2]

China's Program in Manchuria

The present Chinese official program with regard to Manchuria has been less the subject of concrete statement than that of the Japanese. Officially, the Chinese have two programs, for there are just now two Chinese Governments concerned, the Nanking Government and the Mukden Government. One cannot expect a statement of policy from General Chang Hsueh-liang just now while he is placed in a somewhat embarrassing and restricted position by the recent advice of Japan. Nor have the Nanking Government officially outlined a Manchurian program tantamount to their intentions or better, their hopes. The Peking Government sough to obstruct the Japanese program wherever possible and for their own purposes, except where there was an obvious benefit to be gained, however temporary, by a sacrifice of a principle for a *quid pro quo*. What Nanking will do remains to be seen. Until a more definite arrangement results from the negotiations now moribund between Nanking and Mukden the program which the Nationalist Government would desire to follow in Manchuria must remain a hope, nothing more.

Present programs may be the means of applying foreign or national policies; they may temporarily differ from the broad lines of policy ultimately translated into programs. Just as the logic of Japanese policy with respect to Manchuria satisfies national aspirations or "interests" so with the Chinese policy of the Nanking Government, which might be developed much as follows: (1) Manchuria is an integral part of China; (2) any abridgement of China's sovereignty by Japan in Manchuria cannot be countenanced; (3) past abridgement of that sovereignty should be set aside by whatever means the future may suggest as feasible; (4) Manchuria is populated principally by Chinese and the territory has a "special relation" to China proper, and finally (5) temporary concessions to Japan or other powers in Manchuria which are not for the good of China must be regarded in that light, but not in the nature of final settlements.

In conclusion of this characterization of China's policy with regard to Manchuria attention should be drawn again to the fact that the Nanking Government, aside from their declaration on May 30, 1928, in the reply to Japan's proposal to keep the peace in Manchuria, have make no concrete statement of either a program or a policy. Only a "minister foreign to affairs" could avoid drawing attention to the fact that unless such statements were supported by more lethal arguments it would have but symbolic effect. Moreover the Nanking Government have been occupied since July last with more urgent problems of administration nearer the concern of the Kuomintang. That General Chang Hsueh-liang has been included on the roster of the Nanking Government's committees adds nothing to the *status quo* with regard to Manchuria. It merely emphasizes that the cardinal postulate of Nanking's policy with regard to Manchuria which is obvious is that the Nationalists will pursue a policy devised to bring Manchuria within the fold.

Speaking "unofficially but as an official" at the Institute of Politics at Williamstown, Massachusetts, during August Dr. Wu Chao-chu of the Nationalist Government made several statements which might well be regarded as the views held or the policies projected by the Nanking Government with regard to Manchuria. Dr. Wu, besides admitting that Russian influence in Mongolia was today such as seriously to prejudice China's hope that "self-determination" would insure the maintenance of Chinese control over that territory, repeatedly characterized Japan's "advice" to General Chang Hsueh-liang as a "flagrant violation of China's sovereignty."[1] He asserted that Japan's action in this instance constituted a violation of the Washington Nine Power treaty of 1922 respecting China and concluded that "a protectorate will be established in Manchuria, and later annexation."[2]

The Problem in Manchuria

To resolve the rival "interests" of Japan and China in Manchuria, to compromise the rival policies and present programs of these two states, particularly so as to satisfy both parties, is at present impossible. But this is not to say that all of these "interests" or policies are absolutely mutually irreconcilable. Conceivably, for example, the economic development of Manchuria with Japanese capital may not be without economic good for China and the Chinese. Nor does the solution of Shantung's problem of population by migration of Chinese to Manchuria necessarily operate to injure Japanese "interests" there.

That the "Manchurian Question" is capable of being adjusted by resort to arbitration at The Hague or othewise, as has been suggested, is conditional upon the untenable assumption that Tokyo and Nanking would agree so to do, that there may be agreement upon what issues to arbitrate, and that the issues are capble of adjustment by any arbitral tribunal or commission. The view of Sir Herbert Ames, former representative of Canada at the League of Nations, expressed at the Institute of Politics, Williamstown in 1928 that the "Manchurian Question" should be submitted to the League of Nations for settlement was contested by the writer on the ground that the hydra-headed problem of Manchuria, which was recognized as too formidable in its most controversial phases for the Washington Conference, was not capable of solution by the League whose ability to deal with other problems of the Pacific and the Far East had not yet been supported by sufficient precedents.[3] Such solution as is possible must be the result of *rapprochement* between China and Japan made possible by mutual concession. For the present this hope is blighted by the political program of the Nationalist Government in China and by the fact that in Japan the party now in power is less likely to be concessive than its recent predecessors. Japan intends to remain in Manchuria while the realization of the hope of China to get Japan out depends entirely upon ths future of internal politics in China. But the purpose of this report has been to characterize the Sino-Japanese "interests" and issues in Manchuria, not to suggest solutions.

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[1] Article by Dr. C. C. Wang "The Chinese Eastern Railway" in the Annals of the American Academy, issued as a *Peking Leader Reprint*, No. 21; The *China Year Book*, 1928, p. 319.

[2] This point of view was expressed by Dr. C. C. Wu at the Institute of Politics, Williamstown, during August 1928 and repeated in The *New York Times*, August 19, 1928; The *Boston Transcript*, August 18, 1928

[1] The *New York Times*, August 19 1928.

[2] The *Boston Transcript*, August 18, 1928. The *Peking Leader*, May 20, 1928, in a front page editorial takes a similar view: "Japan intends to take control of the whole of Manchuria." "Japan is preparing to assume an exclusive protectorate over Manchuria and Mongolia." They have said in unmistakable language: 'We intend to make Manchuria ours.'" The *China Weekly Review*, May, 26, 1928, take the position that Japan has *already* established a protectorate over Manchuria and has violated the Washington Conference treaties by so doing.

[3] Report of the *Conferences*, Institute of Politics, Williamstown .1928, p. 200.

TROOP DISBANDMENT—ACID TEST OF THE REVOLUTION

(*Continued from page 314*)

ment Conference in Nanking. According to the Finance Minister, at present only four out of the twenty-two provinces —Kiangsu, Chekiang, Anhui and Kiangsi—are contributing to the Nanking Treasury. The national revenues from such provinces as Hunan, Hupeh, Kwangtung, Kwangsi, Shensi, Kansu, Honan, Shansi and Suiyuan, not to mention those from the Three Eastern Provinces, Szechuan, Yunnan and Kweichow, are entirely appropriated by the local or military authorities. In the provinces of Hopei, Shantung and Fukien, the national revenues are likewise retained by the local authorities, although the revenue officials are commissioned by the Central Government. But in other provinces, these officials are appointed by local authorities and most of them do not even render accounts to the Ministry of Finance. With the success of the Northern Expedition last summer, it was hoped that speedy unification and reorganization of the nation's finances would be effected. But, as we have seen, there has been little if any improvement from the chaotic financial conditions existing during the period of warfare, because the military authorities have not allowed the Ministry of Finance a free hand in its task of reconstruction.

Financial Chaos and Stringency Continue

How this chaotic condition affects the finance of the government is shown by the fact that even after the cessation of warfare, the Government was still compelled to resort to loans and bond issue in order to make both ends meet, so much so that for the half year from June to November, 1928, 45 per cent. of the Government's total receipts came from loans and bond flotation while only 55 per cent. was from revenues. This may be represented by the following table of the receipts of the Government for the period mentioned.

Receipts June-November, 1928.

Item	Total	Percentage
Income from taxes, e. g., Customs, salt, stamp duty, wine & tobacco, rolled tobacco, petroleum, etc.	$ 57,329,837.50	41.256%
Income from other levies, e. g., opium-suppression, title-deeds examination, etc.	8,999,198.40	6.480%
Remittances from provinces	7,194,013.38	5.172%
Sale of Treasury Bonds, e.g., 2½% Surtax Bonds and rolled-tobacco Tax Bonds	8,009,485.66	5.766%
Proceeds of loans, e. g., Rehabilitation Bonds, Military Bonds, Currency Bonds.	24,175,586.98	17.376%
Advances from Banks	39,681,125.00	21.342%
Temporary Receipts, etc.	2,512,203.03	1.802%
Balance carried forward and bank overdraw	1,124,503.93	.804%
Total	$139,025,944.88	100.000%

Just as the interference of military authorities has prolonged the chastic financial condition of the Government, their failure to carry out disbandment has continued to eat up an overwhelming part of the Government's receipts. Out of the total receipts of $149,000,000, during the period under review, the sum of $57,000,000 or 41% went towards the upkeep of the huge armies, as compared with less than $9.000,000 or approximately 6% for political or civil expenses. This may be shown by the following table of the expenditure of the Government:

Expenditure, June-November, 1928.

Item	Total	Percentage
Party affairs	$ 1,908,567.68	1.373%
Administrative affairs	8,813,957.73	6.341%
Military affairs	57,012,890.71	41.010%
National governmental enterprises	20,000,000.00	14.387%
Miscellaneous expenses	4,307,609.68	3.098%
Amortization of debts	16,967,230.49	12.203%
Sinking fund for bonds	28,533,274.60	20.524%
Sinking fund for loans	157,600.00	114%
Temporary disbursements	1,317,609.64	947%
Transfer of accounts, etc.	5,194,35	003%
Total	$139,025,944.00	100.000%

Then if we consider the part which military expediture occupies in the total net amount spent for party, political and military affairs, that is, exclusive of the overhead expenses required for meeting debt payments, loan services, sinking fund charges, etc., the situation becomes even more alarming. On this basis of calculation, it will be found that out of a total of approximately $94.000,000, the maintenance of the troops absorbed 85.627 per cent., as compared with 11.394 per cent. for political affairs and 2.979 per cent. for party affairs. This is what the huge armies are costing China in time of pace and at a time when money is badly needed to carry out productive, rehabilitation work!

Disbandment or Bankruptcy!

But the seriousness of the situation does not reach its climax until it is found that unless military expenditure is immediately slashed to a considerable extent, the only alternative before the Nanking Government is financial disaster. During the Northern Expedition, the Government borrowed to finance the fighting; during the past half year, it was compelled to borrow more to keep up the superfluous troops. But now, aside from the impossibility of increasing tax rates, there is the cold fact staring at the face of the Government, as the Finance Minister has warned us, that "Our banks and the public may continue to subscribe to Government loans but the available securities of the Government will soon come to an end." As to the possibilities of foreign loans, he even went so far as to state: "The hope of borrowing from abroad for current expenditure must, at least for the immediate future, be regarded as illusory, as many of the overdue foreign loans have not been taken care of." In other words, the Government cannot continue its hand-to-mouth policy. It must either disband its superfluous troops immediately or allow itself to be dragged into bankruptcy.

It is because of the above political and financial situation that we place high hopes on the National Military Reorganization and Disbandment Conference now in session. We simply have to, or be pessimistic of the future of the Government. For the first time since the commencement of civil war in China, military leaders representing the whole country have come together to plan for the disbandment of troops, the adoption of a definite military budget, and the organization of a unified national army. We need be under no illusion that these powerful military leaders go to the Conference chamber of their own free will to lop off each other's limbs and suffer immolation for the national weal. But the mere fact that they can be drawn together in deference to public opinion to discuss a sacrifice of their own power is a significant triumph over the psychological obstacles to unification and reconstruction.

The Problem Before the Military Conference

To be sure, the Conference has shown signs which inspire hope and optimism. Patriotic speeches and declarations have been made by various military as well as Kuomintang leaders, in which the significance of the present Military Conference is emphasized. A manifesto of the Conference signed by all the participating military leaders has also been issued in which they placed themselves under solemn oath to formulate and enforce disbandment measures for the salvation of the country and to be guided by the departed spirit of the Party's late Leader, in their cooperation with one another, without partiality, pretense, falsehood and procrastination, in carrying out the decisions of the Military Conference. According to the Manifesto, the Conference will perform the following tasks:—(1) Rehabilitation of the country's military affairs and disbandment of surplus troops so as to reduce the military expenditure of the people and to divert the money thus saved to national reconstruction and unification, (2) Determination of the military system, military strength and the military budget, (3) Rebuilding of the national army for the strengthening of the national defense, (4) Division of garrison areas, (5) Centralization of military control, (6) Accommodation and disposal of disbanded officers and soldiers.

Perhaps the words of General Chiang Kai-shek, Commander-in-chief of the Nationalist Armies and Chairman of the Ministry Reorganization and Disbandment Conference, show the keenest insight into the situation. In an address circulated on December 20, President Chiang declared that the success of the Kuomintang and the future of the country depends upon the results of the Military Conference. "Heretofore, it has has been found necessary to maintain an exceedingly large army as an effective weapon in suppressing and exterminating militarism, but now that we have completed the military phase of the revolution, we must meet the acid test whether our leaders are patriots and can suppress their personal desires for the benefit of the entire country, or whether we are merely a group of individuals who care more for personal glory and power than for public welfare. The test depends upon our ability to rise to the occasion and cooperate in the interest of the people." General Chiang then referred to the activities of other nations who disbanded millions of soldiers at the close of the World War, and particularly to Soviet Russia who disbanded four million Red troops within six months. He declared that if China's military leaders are true patriots China needs only retain 500,000 soldiers, and explained that at present China's annual national revenue is approximately $450,000,000, which after

meeting payments on foreign loans will leave only about $300,000,000. "If we continue to maintain our present military forces, we shall have less than $40,000,000 left for all other governmental and reconstruction purposes." His concluding remarks are particularly significant. He said:—

"If our military leaders faithfully observe the principles of the Party and disband their troops in accordance therewith, I believe that within three years we will be free from any foreign aggression and may justly claim to be a Far Eastern 'Power' within another decade. But if we cannot do this, our country will plunge deeper and deeper into disaster and it will not be due to foreign oppression but to the selfishness of our military leaders."

T. V. Soong's Proposed Solution

Again, it may be taken as a good omen that the Military Conference has at its session on January 11 accepted the proposal of Mr. T. V. Soong, Minister of Finance, which called for the definite limitation of military expenses and the unification of national finance. According to the scheme adopted, the military expenses of the government should not exceed $192,000,000 a year, which is the limit placed by the nation's leading bankers, industrialists, businessmen and financial experts at the Economic and Financial Conferences held last June and July. Obviously the limitation of military expenses is one of the principal issues of the Military Conference, and with this issue settled, a considerable part of the obstacles of the Conference has been overcome.

Yet, after all has been said and done, those who have scrutinized Mr. Soong's memorandum and know the way of politics in China will realize that this seemingly plausible action of the military leaders can be regarded with only qualified optimism, because even granting that the military expenditure is thus fixed and a definite arrangement provided for the equitable distribution of the money among the various military groups, there are still many practical difficulties with which the government will be confronted in carrying out its task of financial rehabilitation.

In the first place, the amount set aside for military expenses, though considerably slashed to $192,000,000, is still out of all proportion to the government's income. According to the Finance Minister's estimation, the total revenue of the government in the year to come is $457,000,000 and its gross expenditure, $507,000,000, so that the estimated military expenditure will occupy 41 per cent. of the former and 36 per cent. of the latter. That this percentage of military expenditure is extremely high is shown by the fact that in England military expenses occupy only 5 per cent. of the country's gross expenditures, in the United States, 8 per cent.; in Japan 9 per cent.; and in France, 14 per cent.

Difficulties in the Way

Moreover, granting that this high percentage of military expenditure could be met, the Government would still have to face an annual deficit of approximately $60,000,000. This deficit, furthermore, will be considerably increased if the government were to take care of its many and long overdue loan obligations, which is not provided for in Mr. Soong's budgeted expenditure. Again, the disbandment of surplus troops itself will require huge sums of money, estimated for instance at $30,000,000 by General Ho Ying-chin. The increase of administrative expenditure is another problem to be faced. Besides, the increase of revenue from the new tariff schedule soon to go into force, must be discounted in the coming year in view of the fact that in recent months there has been considerable dumping on the part of importers in anticipation of the higher tariff. Again, with the imminent abolition of likin and before other suitable tax measures can be effectively enforced, there will be a considerable falling off in the revenue estimates. On the other hand, any increase in the tax rates is hardly justifiable or possible because the people are already heavily burdened and drained. Even if such proposed taxes as income tax and inheritance tax were put into effect at once, they cannot be expected to yield fruit for many years to come. Likewise, it will be impossible for the government to resort to further borrowing because all the important national revenues have already been pledged as securties, while the possibilities of foreign loans are "illusory", in the words of the Finance Minister, because our national credit has not been restored abroad.

Financial Unification, Sine Qua Non for Success

Then also, it must be remembered, as Mr. Soong particularly emphasized in his memorandum, that the success of his proposed budget is based entirely on the presumption that financial unification will be achieved. Unless the military authorities in the different parts of the country hand over the control of national revenues to the Central Government immediately, the Government will be absolutely unable even to secure funds for disbandment expenses, not to speak of meeting the estimated military budget or annual deficit. To quote Mr. Soong, "Complete unification of national revenue is a *sine qua non* for the establishment of a military budget, indeed for anything which we associate with order, system, and deliberate planning. The reason is obvious, for once definite sums have been fixed for military expenditures, the Ministry of Finance could not, in any event, fail to make up the sums, but if obstacles are placed in the way of efficient tax collections, it will not be possible to meet such allotments, and the deficit will become insupportable." In other words, if the military leaders are sincere, they must not only cut down their forces, but must refrain from interfering with the administration of the country's finance.

This leads us to our last but not the least important observation. Conferences in China, to a greater extent than anywhere else, have a bad habit of opening with a flourish of trumpets, in the forms of eloquent speeches, high-sounding declarations and plausible resolutions, while public opinion is loquacious; but as the participants disperse and the months pass, they fade into thin air and the professed object is eventually forgotten. Had not the proposal for troop disbandment been adopted by the Economic Conference, the Financial Conference, the Fifth Plenary Session of the Kuomintang, and even the Peiping Military Conference held last summer? But little or nothing has been done to carry into effect. The question arises then: Will the military leaders actually disband their huge armies which have been the mainstay of their power and influence? Will they remain satisfied with the Conference's allotments for their military expenses? Will they bow to the common national authority and accept such appointments as may be found for them or retirement if their services are not required? Will they confine themselves to their own functions and keep their hands off civil administration? Will they, in the words of General Chiang Kai-shek, "suppress their presonal desires for the benefit of the entire country"? These are questions which connot be answered be their adoption of this or that resolution at the Conference, but by their sincerity and effectiveness in carrying those resolutions after the Conference.

Are Military Leaders Sincere?

It is not our intention to bring a wholesale indictment against the military leaders of the country. But we hope we have so far brought home the fact that the failure on their part as a whole to disband their surplus troops and to leave civil authorities alone since the close of the Northern Expedition, is justified neither by their professed patriotism nor by the nation's interest, is disillusioning and discouraging to the people, is menacing to national unity and peace, is detrimental to the prestige and stability of the Nationalist Government. The acid test of the sincerity of the military leaders now participating in the National Military Reorganization and Disbandment Conference is, not the formulation of plausible plans, but the actual carrying out of those plans. The people are no longer satisfied with laudable professions. They want action, result.

What sort of revolution will the Nationalist Revolution be if it cannot even remove the curse of domestic militarism?

Shanghai, Jan. 16, 1929.

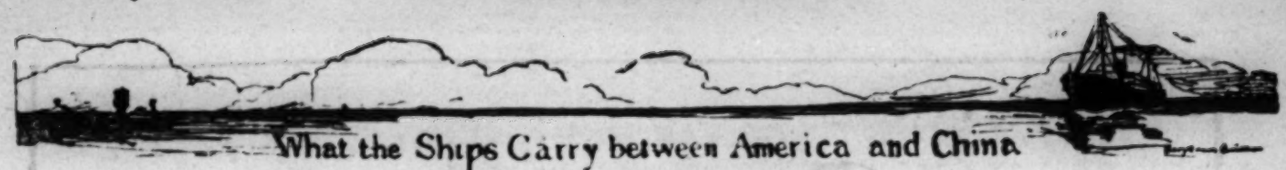
CUSTOMS NOTIFICATION NO. 1143

DRAWBACK CHEQUES DATED BEFORE 1st JANUARY 1926 TO BE INVALIDATED AFTER 28th FEBRUARY 1929.

Acting under instructions from the Inspector General of Customs, I hereby notify the public that all unclaimed drawback cheques dated between 1st January and 31st December 1925 will be destroyed unless claimed before the 1st March, 1929 Similarly, drawback cheques dated between 1st January and 31st December 1925 which have been issued but not yet cashed will be invalid after the 28th February, 1929.

W. R. Myers
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 12th January, 1929.



What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces, Mille—thousands; Hk. Tls.—Haikwan Tls; Yen. Customs Rate Tls. 1.41 equal Gold $1

KOREA MARU, Nov. 3.
From U. S. A.

Lead, Pig	Pls.	1,681
Canned Asparagus	,,	5
Borax	,,	331
Coton, Raw....Bls. 70	,,	254
Milk, Condensed	,,	235
Tobacco, Leaf	,,	3,698
Oil, Lubricating, Mineral Galls		3,152
Cigarettes	Mille	1,330

GENERAL METZINGER, Nov. 3.
To U. S. A.

Silk, Raw, Re-reeled: White, other Ports Bls. 130	Pls	131.98

CHR. KUNDSEN, Nov. 13.
From U. S. A.

Flour, Wheat	Pls.	1,103
Timber, Softwood: Manufactured, Merchantable	Sup ft.	136,663
Ordinary, Sawn	,,	2,598,256

PRESIDENT GARFIELD, Nov. 13.
To U. S. A.

Silk, Waste, Refuse: Tsingtao, etc...Bls.48	Pls.	174.36
Shanghai.....Bls.35	,,	106.28
Tea, Green: Gunpowder, Ningpo..	,,	363
Bristles	,,	208
Egg Albumen, Dried	,,	250
Feathers, Duck	,,	60
Feathers, Goose	,,	11
Chinaware, Fine	,,	11
Hides, Buffalo	,,	179
Tungsten Ore	,,	2,096

PRESIDENT GARFIELD. Nov. 13.
From U. S. A.

Cotton Cloth, Yarn-dyed Yds.		1,486
Linen Damasks	,,	1,913
Cotton Embroidery	Pls.	14
Cotton, Raw: American..Bls.6,014	,,	11,617
Aluminium Ingots	,,	17
Aluminium Sheets	,,	118
Aluminium Wire	,,	5
Copper Wire	,,	4
Tinned Plate Scraps	,,	159
Apples, Fresh	,,	59
Asparagus	,,	4
Canned Awabi	,,	47
Bronze Powder	,,	45
Cement	,,	705
Cuttle-fish	,,	56
Fruits, Table	,,	43
Grapes, Fresh	,,	54
Grease, Lubricating, Mineral	,,	31
Indigo Paste, Artificial: 20 per cent	,,	2,061
20 per cent	,,	10
Leather, Calf	,,	14
Leather, Patent	,,	3
Leather, Sheep	,,	1
Leather, Sole	,,	126
Milk, Evaporated	,,	14
Oranges, Fresh	,,	316
Paper, Tissue	,,	62
Paper, Toilet	,,	7
Paper, Writing	,,	752
Paper, Unclassed	,,	925
Sugar, Cube	,,	9
Sugar, White	,,	7
Sulphur Black	,,	255
Tinfoil	,,	5
Cigars	Mille	4
Cigarettes	,,	37,550
Motor-cars	Pcs.	10
Underwear, Cotton, not Raised	Doz.	9
Files	,,	106
Shoes, Canvas	Paris	253
Shoes, Rubber	,,	156
Dyes, Aniline Pkgs. 377	Hk. Tls.	25,712
Machinery	,,	25,988
Milk Food	,,	2,701
Motor-car Accessories	,,	9,843
Treasure: Silver Bullion	Hk. Tls.	552,505
Silver Bars	,,	1,215,957

PRESIDENT McKINLEY, Nov. 16.
To U. S. A.

Silk, Raw, Steam Filature: White, Shanghai Bls. 315	Pls.	312.23
Yellow, Hankow, etc. Bls.10	,,	10.45
Silk, Raw, Re-reeled: White, Soochow Bls. 1	,,	1.03
Silk Waste, Refuse: Chefoo, etc. Bls. 25	,,	31.50
Silk Piece Goods	,,	1.73
Tea, Green: Gunpowder, Ningpo etc.	,,	251
Young Hyson, Kiukiang etc	,,	23
Hyson, Kiukiang	,,	28
Tea, Black: Other kinds, Hankow	,,	257
Beans	,,	375
Brassware	,,	24
Chinaware, Fine	,,	21
Hair, Human	,,	36
Seed, Sesamum	,,	252
Walnuts Kernels	,,	124
Wool, Sheep's	,,	990
Suit-cases, Leather	Pcs.	219
Skins, Dog, Tanned	,,	1,011
Skins, Sheep, Tanned	,,	2,800
Skins, Lamb, Untanned	,,	5,500
Carpets	Hk. Tls.	24,265

KOREA MARU, Nov. 16.
To Hongkong.

Artificial Silk and Silk Mixtures	Pls.	1.90

To U. S. A.

Silk, Waste, Refuse: Shanghai.....Bls.1	Pls.	1.70
Antung, etc ..Bls.77	,,	247.50
Silk Pongees, Honan	,,	8.13
Tea, Black: Other kinds, Kiukiang	,,	88
Congou, Hankow	,,	29
Tea, Green: Gunpowder, Ningpo..	,,	235
Brassware	,,	16
Chinaware, Fine	,,	5
Hog Casings	,,	9
Egg Yolk, Dried	,,	18
Wool, Sheep's	,,	18
Woodware	,,	2
Eggs, Fresh	Mille	20

MERIONES, Nov. 16.
To New York.

Tea, Green: Gunpowder, Ningpo..	Pls.	103

Latest New York Stock Exchange Quotations

Swan, Culbertson & Fritz. Tel. 18891-18990 Jan. 16
Market Weak Business done, 4,181,300 Shares.

STOCK	Monday Jan. 14	Tuesday Jan. 15
Allied Chemical & Dye (Common)	275	262
American Can (Common)	115¾	112½
American Smelting	97	95½
American Telephone & Tel. (Common)	196½	198¼
American Tobacco "B"	179½	177½
Armour & Co. "A"	17½	17¼
Armour & Co. (Ill.) 7% Pfd.	85	84¼
Anaconda Copper	118⅜	116½
Bank of Montreal	396	396
Barnsdall Corp. "A"	43¾	43
Bethlehem Steel (Common)	85½	83⅞
Bethlehem Steel, 7% Pfd.	123	123
Brooklyn-Manhattan Transit	75	73
Calumet & Hecla	47¼	46¼
Campe Corp.	100	100
Canadian Pacific Railway	242	237½
Cavanaugh Dobbs	None	32
Chile Copper	75½	75¾
Chrysler	122	120¾
Consolidated Gas of New York	107¾	106⅜
Coty Incorporated	73¼	74½
Davison Chemical	63	62⅜
Du Pont de Nemours E. I. (Common)	497	500
Eastman Kodak	183	181½
Fox Film "A"	96	94¼
General Cigar	68⅛	68
General Electric Co.	233½	231½
General Motors	199	195⅛
General Railway Signal (Com.)	100	96¾
Gold Dust	79	76¼
Granby Consolidated	86	85½
Haygart	47¼	47
Hudson Motor Car	86⅝	85¾
International Cement (Common)	91⅞	90¼
International Match, Pfd.	99	96⅛
International Nickel (Common)	55	53¼
International Printers Ink	57½	58⅝
International Products Corp. (Common)	13½	13⅜
International Products Corp., Pfd.	None	None
Kelvinator	16	15⅜
Kennecott Copper	154½	151⅛
Lake Superior Corp.	26¼	26⅞
Liggett & Myers, Class "B"	93⅜	92
Lorillard Company (Common)	27¼	26½
Mack Trucks	105	104⅞
Madison Square Garden	21	20½
Maytag Co.	23½	23½
Missouri Pacific (Com.)	65½	64¾
National Dairy Products	129⅜	128¼
Nevada Consolidated Coppor	41½	40⅜
Pacific Gas & Electric Co.	54½	53¾
Packard Motor Car Co. (Common)	143⅜	140¼
Pennsylvania Railroad	80¼	79⅜
Phillips Petroleum	42¼	42
Radio Corporation	360	356
Reynolds Tobacco, "B"	158	158⅜
Sbell Union Oil	28⅜	28⅜
Standard Gas & Electric (Common)	85½	84
Standard Oil of California	69½	69
Standard Oil of New Jersey	52⅛	51⅝
Standard Oil of New York	43⅜	42⅞
Texas Corporation (Common)	64¼	65⅛
Texas Gulf Sulphur	77¼	76⅜
Timken Roller Bearing	80⅜	78⅜
Trans-America Corp.	131	130⅜
Union Carbide	198⅝	198⅜
Union Pacific Railroad (Common)	219	215
U. S. Inter. Security Pfd.	100	100
United States Leather	61¼	61
United States Realty & Imp Co.	83½	82
United States Rubber (Common)	54¼	52⅜
United States Steel	168	165
Vanadium Corp.	103¼	103
Westinghouse Elec. (Com)	141½	138⅛
Willys Overland Co.	32⅜	32⅛
Wright Aeronautical	291	273½

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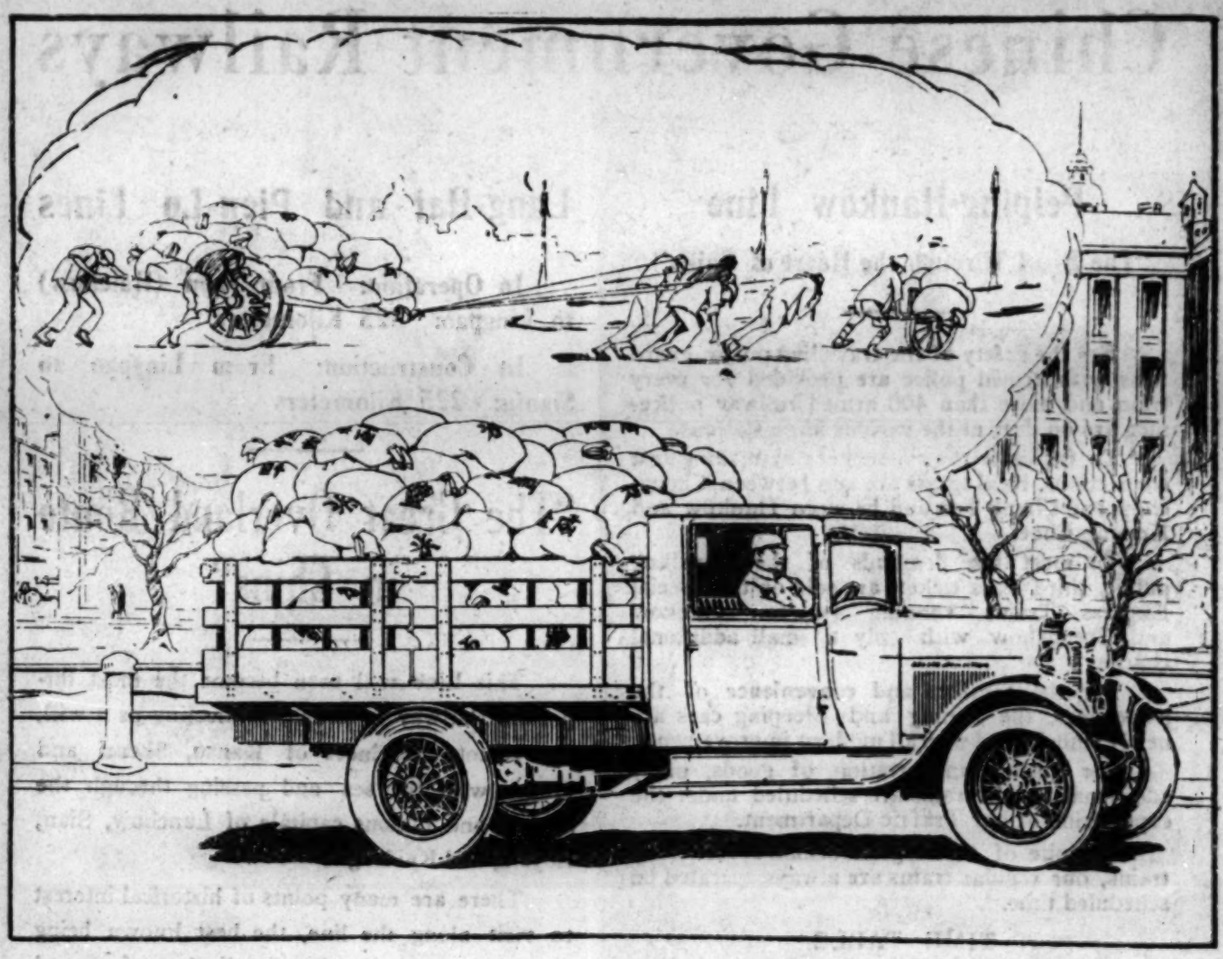

Ford

The New Ford Truck

Are you using hire transportation—either motor trucks or coolies with carts? Have you analysed the cost of this transportation? Have you said to yourself that you cannot afford to own — and operate your own truck?

Considering the 1½ to 2 tons carrying capacity of Ford trucks and the speed with which such a load may be transported several times a day over short and long distances, it may be quickly demonstrated how you could soon pay for your own truck with the saving effected by doing your own transportation.

Compare your present total cost for hire transportation per month with the cost of a Ford truck. Consider the inconvenience and, perhaps, loss of business you repeatedly suffer through not having your own truck available when you want it, and then have your nearest dealer give you a convincing demonstration. He will show you how quickly the truck will pay for itself.

Moreover, when you purchase a Ford truck, you are buying a product which is world famous for its dependability and durability, its low initial cost and economical upkeep.

Ford Motor Company Exports Inc.

SHANGHAI.